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Programme budget for the biennium 2002-2003

Proposed programme budget for the biennium 2004-2005

Administrative expenses of the United Nations Joint Staff Pension Fund

Report of the Standing Committee of the United Nations Joint Staff Pension Board

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I. Overview

1. The United Nations Joint Staff Pension Fund was established in 1949 by the General Assembly to provide retirement, death, disability and related benefits for the staff of the United Nations and such other organizations as might be admitted to membership. There are currently 19 member organizations; the combined number of active participants and beneficiaries as at 31 December 2002 was 133,743.

2. In accordance with regulations adopted by the General Assembly, the Fund is administered by the United Nations Joint Staff Pension Board, a staff pension committee for each member organization and a secretariat of the Board and of each such committee. One third of the Board members are chosen by the General Assembly and the corresponding governing bodies of the other member organizations, one third by the executive heads and one third by the participants. The Pension Board reports to the General Assembly on the operations of the Fund and on the investment of its assets. When necessary, it recommends amendments to the regulations, which govern, inter alia, the rates of contribution by the participants (currently 7.9 per cent of their pensionable remuneration) and by the organizations (currently 15.8 per cent), eligibility for participation and the benefits to which participants and their dependants may become entitled.

Operational activity

3. During the biennium ended 31 December 2001, the number of participants in the United Nations Joint Staff Pension Fund increased from 68,935 to 80,082, or by 16.2 per cent; the number of periodic benefits in award increased from 46,199 to 49,416, or by 7 per cent. As at 31 December 2002, the active participant population increased to 82,715 and the number of periodic benefits in award increased to 51,028. On 31 December 2002, the breakdown of the periodic benefits in award was as follows: 16,138 retirement benefits, 11,291 early retirement benefits, 6,540 deferred retirement benefits, 8,014 widows' and widowers' benefits, 8,116 children's benefits, 885 disability benefits and 44 secondary dependants' benefits. In the course of the year ending 31 December 2002, 6,425 lump-sum withdrawal and other settlements were paid.

Figure 1
United Nations Joint Staff Pension Fund — total growth in active participants since 1994

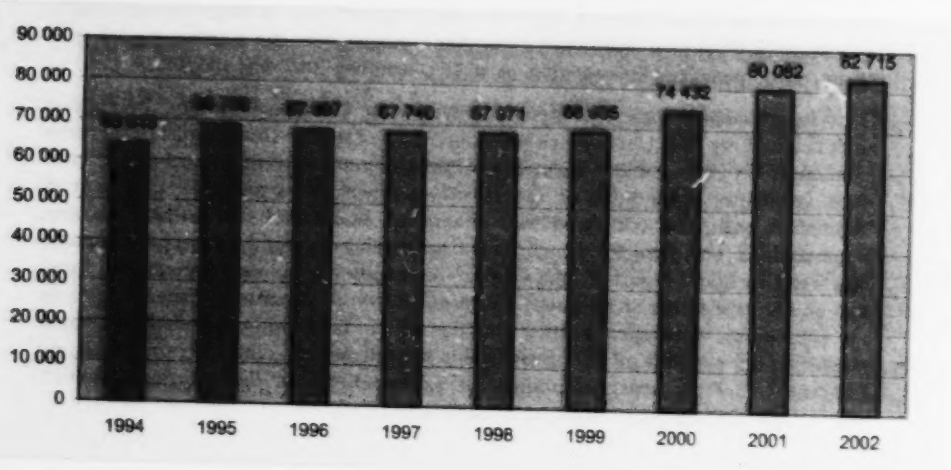
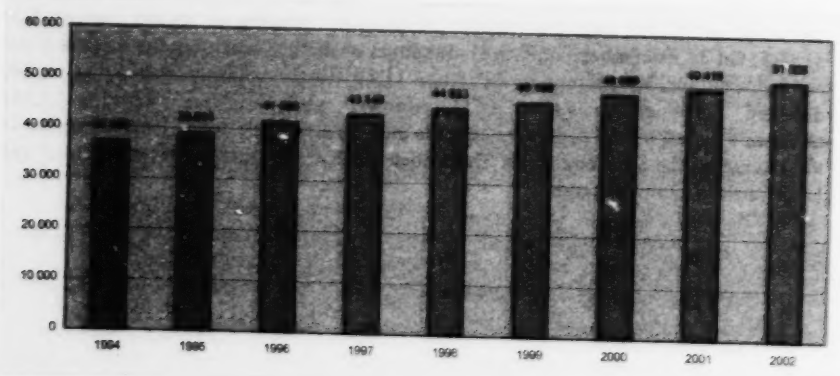


Figure 2
United Nations Joint Staff Pension Fund — total growth in periodic benefits in payment since 1994



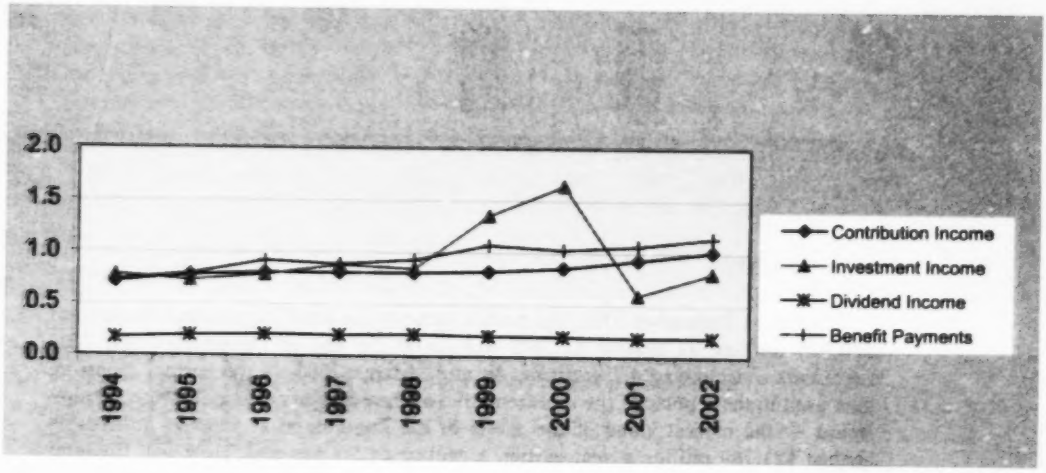
Income and benefit payouts

4. The Fund relies on three sources of income: (1) employers' contributions; (2) employees' contributions; and (3) investment income. The relative importance of each of these resources has changed in recent years, and a new structural pattern of funding will continue to develop in the coming years. For example, in 2002, total contributions amounted to $1,009.7 million, with employers contributing two thirds

of the total and employees contributing one third. Total contributions represented 88.5 per cent of benefit payouts. In 1994, for the first time since the inception of the Fund, benefits paid surpassed contributions ($729.8 million vs. $711.7 million) and investment income had to be used to cover the gap. In 2002, benefit payouts exceeded total contribution income by $131 million. As the Fund continues to mature it will rely more heavily on investment income for the payment of pensions and related benefits.

Figure 3
United Nations Joint Staff Pension Fund — evolution of income and benefit payouts

(Billions of United States dollars)

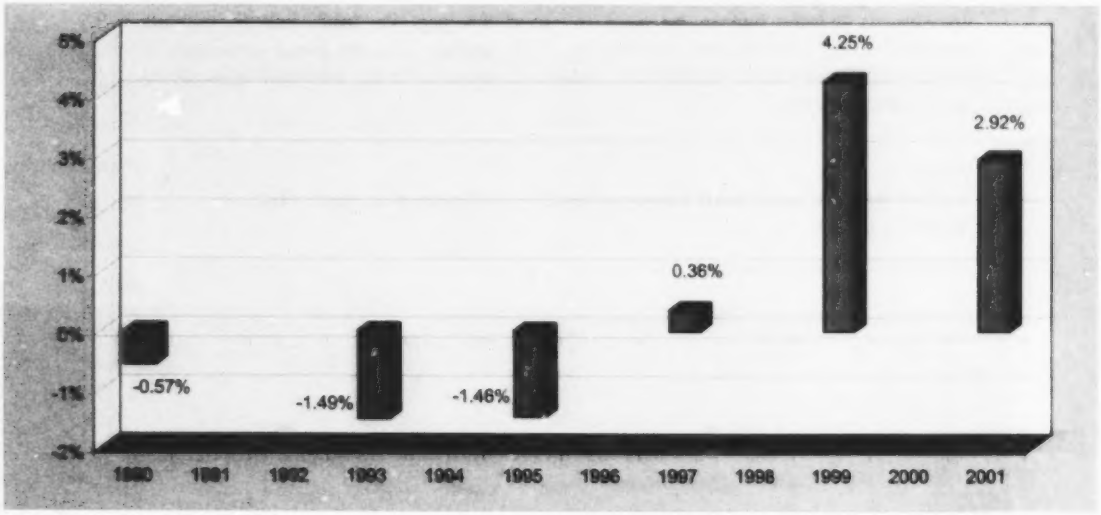


Actuarial situation

5. Actuarial valuations of the Fund are undertaken every two years, to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present and estimated future liabilities, using various sets of assumptions as to future economic and demographic developments.

6. The regular valuation, as at 31 December 2001, revealed a third consecutive surplus, amounting to 2.92 per cent of pensionable remuneration. The two previous valuations, those as at 31 December 1999 and 31 December 1997, had revealed surpluses of 4.25 and 0.36 per cent of pensionable remuneration, respectively. Based on the results of the latest actuarial valuation, the Committee of Actuaries and the Fund's Consulting Actuary were of the opinion that the present contribution rate of 23.7 per cent was sufficient to meet the benefit requirements under the Plan. The Pension Board approved their statement on the actuarial position of the Fund.

Figure 4
United Nations Joint Staff Pension Fund — actuarial situation since 1990



Investments

7. As at 31 December 2002, the market value of the Fund's assets had declined to $20,935 million, as against $21,843 million at the end of December 2001. This represents a decline of 4.2 per cent. As at 31 March 2003 — the normal reporting date used in the reports of the representative of the Secretary-General to the Pension Board — the market value of the assets of the Fund stood at $20,741 million, as against $21,789 million a year earlier, a decline of 5.1 per cent. However, the total investment return, which takes into account timing of cash flow for the same period, was negative 3.8 per cent, representing a "real" or inflation-adjusted return of negative 6.6 per cent.

8. The long-term investment objectives of the Fund are, firstly, to preserve the principal of the Fund in real terms and, secondly, to obtain an optimal investment return over the long-term while avoiding undue risk. The compound annual rate of return for the 43-year period ending 31 March 2003 was 8.2 per cent. This represents a yearly real rate of return of 3.6 per cent for the same period, after adjustment based on the United States consumer price index, and compares favourably to the 3.5 per cent long-term real rate of return assumed in the actuarial calculation.

Figure 5
Market value of the United Nations Joint Staff Pension Fund from 31 December 1982 to 31 December 2002
(Billions of United States dollars)

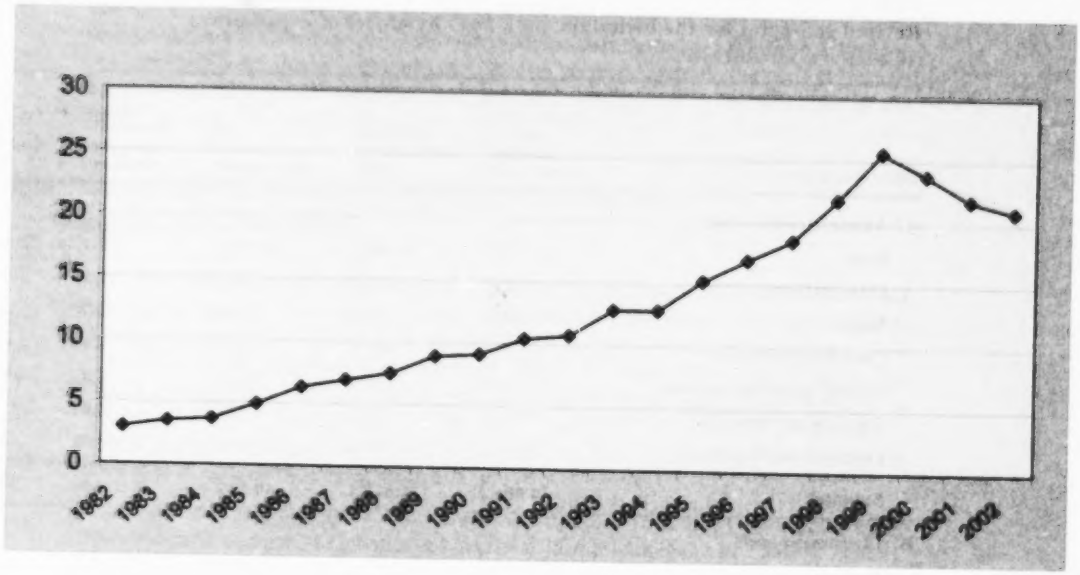
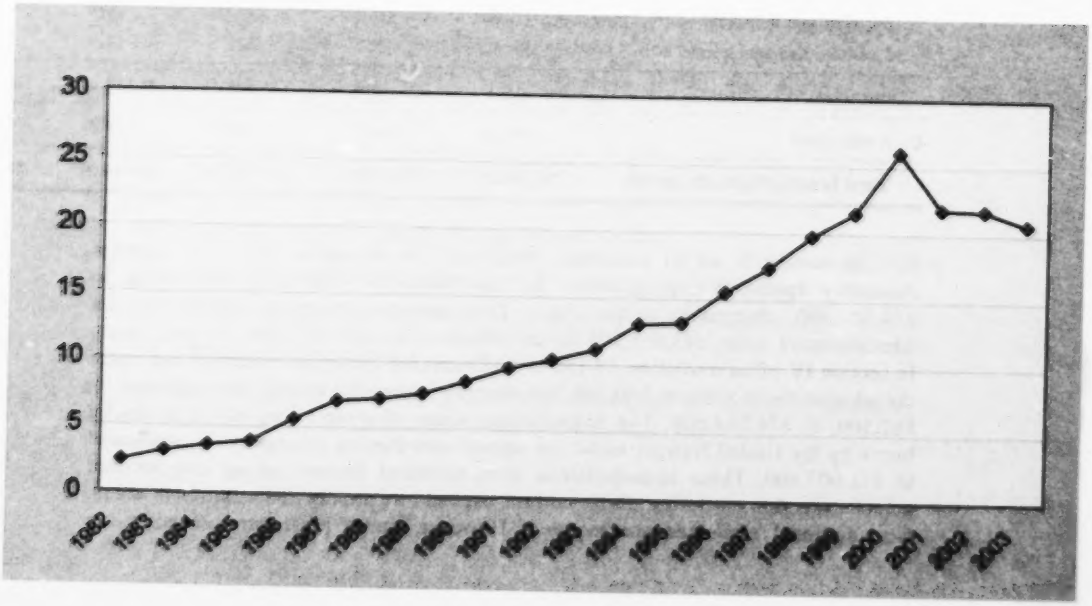


Figure 6
Market value of the United Nations Joint Staff Pension Fund from 31 March 1982 to 31 March 2003
(Billions of United States dollars)



II. Budget estimates for the biennium 2002-2003: performance report

Table 1
Revised estimates for the biennium 2002-2003 by object of expenditure
(Thousands of United States dollars)

Object of expenditure	*(1) Pension Fund share — approved appropriation*	*(2) Estimated United Nations share*	*(3) (1 + 2) Total estimate*	*(4) Increase/ (decrease) — Pension Fund share only*	*(5) (3 + 4) Total revised estimate*
A. Administrative costs					
Posts	13 139.5	6 569.8	19 709.3	0.0	19 709.3
Other staff costs	1 658.8	623.5	2 282.3	0.0	2 282.3
Travel	286.9	0.0	286.9	0.0	286.9
Contractual services	6 970.1	1 447.4	8 417.5	(1 714.9)	6 702.6
General operating expenses	3 725.8	1 719.3	5 445.1	0.0	5 445.1
Supplies and materials	352.1	176.1	528.2	0.0	528.2
Furniture and equipment	3 873.1	277.0	4 150.1	(1 250.0)	2 900.1
Subtotal	**30 006.3**	**10 813.1**	**40 819.4**	**(2 964.9)**	**37 854.5**
B. Investment costs					
Posts	5 963.6	0.0	5 963.6	0.0	5 963.6
Other staff costs	322.1	0.0	322.1	0.0	322.1
Travel	1 058.0	0.0	1 058.0	0.0	1 058.0
Contractual services	32 908.3	0.0	32 908.3	(2 149.6)	30 758.7
General operating expenses	2 069.2	0.0	2 069.2	0.0	2 069.2
Supplies and materials	772.3	0.0	772.3	0.0	772.3
Furniture and equipment	311.6	0.0	311.6	0.0	311.6
Subtotal	**43 405.1**	**0.0**	**43 405.1**	**(2 149.6)**	**41 255.5**
C. Audit costs	**973.5**	**194.7**	**1 168.2**	**0.0**	**1 168.2**
Total funding from all sources	**74 384.9**	**11 007.8**	**85 392.7**	**(5 114.5)**	**80 278.2**

9. In section V of its resolution 56/255 of 24 December 2001, the General Assembly approved appropriations for the biennium 2002-2003 amounting to $74,322,400, chargeable to the Fund. This amount comprised $29,943,800 for administrative costs, $43,405,100 for investment costs and $973,500 for audit costs. In section IV of its resolution 57/286 of 20 December 2002, the Assembly increased the administrative costs to $30,006,300, thereby raising the overall appropriation by $62,500, to $74,384,900. The proportionate share of some costs, which would be borne by the United Nations under the agreed cost-sharing arrangements, amounted to $11,007,800. These appropriations were reviewed further, taking into account actual expenditures during 2002, current expenditure trends and additional needs. No additional resources are required. However, under administrative costs, an

amount of $2,964,900 will be carried over to the biennium 2004-2005 to continue funding those re-engineering projects that have been postponed due to lack of office space. Under investment costs, net savings of $2,149,600 are expected under contractual services. Thus, net savings of $5,114,500 are expected for the Fund against the overall appropriations of $85,392,700, before the deduction of costs related to the acquisition of furniture and fittings, mentioned in paragraph 19 below, in connection with the relocation of the Fund to premises outside the United Nations Secretariat building. All realized savings would be returned to the principal of the Fund.

III. Summary of resource requirements for the biennium 2004-2005

10. The budget proposals presented herein for the biennium 2004-2005 are based on objectives and priorities that were established by the Chief Executive Officer (CEO) of the Fund, delineated in the Fund's Management Charter and first introduced to the Standing Committee in 2001. As outlined in that Charter, the Fund's management is committed to provide pension income and related benefits to retirees and other beneficiaries in the best conditions of security, performance, responsibility and accountability, while maintaining full compliance with the highest standards of efficiency, competence and integrity.

11. As concerns daily operations, performed in New York and Geneva, the Fund must continue to meet the challenges outlined in the Management Charter. Among these challenges, the increases in the numbers of both retirees and participants create more pressure on the staff of the Fund, since there is a heavy demand for quality information to be delivered to an ever-increasing population. This poses a risk factor for the Fund, in view of the increasing work on key processes such as follow-up on overpayments due to death, collection of timely contributions from participating organizations, etc. Most objectives for the biennium 2004-2005 are derived from those set out in recently issued policy documents, particularly the Quality Management, Communications, Security and Internal Control Policies of the Fund. Expected accomplishments and clear indicators of achievements are defined in these documents and are summarized for each area of the Fund activities in chapter IV below.

12. The action plans having budgetary implications for the biennium 2004-2005 relate to the following priorities:

(a) Alignment of resources to fast-growing activities;

(b) Strengthening and enhancement of the structure of the Fund;

(c) Completion of the information technology re-engineering project;

(d) Rental of new premises.

As explained in annex I, the Standing Committee supported the following resource requests and approved their submission to the General Assembly:

Alignment of resources to fast-growing activities

13. The Fund will need to have additional resources in place in order to deal with the increased activities associated with the overall growth in the number of participants and beneficiaries. The requirements for new posts (biennium 2004-2005), which are needed to deal with such growth in workloads, have been kept at a minimum level, through major changes in administrative processes and expected increasing reliance on information technology. This is the case with the Participation, Entitlements and Client Services Section in New York (formerly the Pension Entitlements Section), by far the largest section of the Fund, where recent process improvements have yielded productivity gains and where further gains are expected once computerization of manual work-types and the Integrated Management Information System (IMIS) interface, all part of the information technology re-engineering project, are fully operational. As a consequence, no new established posts are requested by the Fund for this Section for the next biennium, although, in view of the increasing volume of work over the past two years and the need to specify and test the system improvements, 72 work-months of general temporary assistance is requested.

14. Priority should be given to increases in posts in the Payments and Cashier Units of the Financial Services Section, where processes are already heavily computerized and, at the Geneva office, as set out below:

(a) For the Payments Unit, two new General Service posts are proposed, in order to deal with the significant and ongoing increase in the number of new benefits being added to the payroll, and requiring regular maintenance. One post would be assigned to the processing of after-service health insurance deductions from the payroll, for which reimbursement will be sought from participating organizations.

(b) One new General Service post for the Cashier Unit is proposed in order to deal with the significant increase in the number of new transactions, and related enquiries, emanating from the significant increase in the number of participants and beneficiaries.

(c) Two new Professional posts are proposed for the Geneva office, to enable it to address the ongoing increases in the number of participants and beneficiaries, as well as the related increases in the need for processing and financial transactions, and the related enquiries.

Strengthening and enhancement of the structure of the Fund

15. In the light of the significant growth being experienced in the overall coverage of participants and beneficiaries, and due to the attendant increases in complexity and risks, the organizational structure of the Fund needs to be strengthened and expanded. This would better enable the Fund to focus on strategy and planning, which, moreover, would result in a reduction in the risks associated with the Fund's rapidly expanding operations. Strengthening of the structure would require (a) three reclassifications of existing posts and (b) the establishment of one new post, all of which are directly linked to greater and expanded responsibilities emanating from the significant growth the Fund continues to experience.

16. Three requests for reclassification and one for the establishment of a new post were reviewed by the Standing Committee in 2001. After discussions with the Office of Human Resources Management, these requests were further reviewed by the outside consulting group that carried out a whole-office review, the results of which were presented to the Board in 2002. Following their discussions, which were based on the report and conclusions of the consultants, the Pension Board expressed its support for the CEO's efforts and plans for modernization, found the proposed structure, acceptable as a blueprint and endorsed it in principle. The Board further indicated that the amount of additional resources requested was consistent with the fast-growing activities of the Fund and with the necessary changes outlined in the Management Charter, which had been supported by the Standing Committee in 2001. On the basis of the position supported by the Board in 2002, the following three reclassifications and one new post are required, in the context of the budget proposal for the biennium 2004-2005:

- Reclassification of the post of Deputy CEO/Deputy Secretary from the D-1 to the D-2 level. The upgrading of this post is in recognition of the increased responsibilities of the post and is consistent with the hierarchical structure and assignment of responsibilities within the Fund. This is an elective, inter-agency post established in the Pension Fund regulations

- Reclassification of the post of the Chief of the Information Management Systems Section from the P-5 to the D-1 level. This recommendation would also include the conversion of the Section into a separate service outside of the operations area. This recommendation is being made to better reflect the change in working relations and increased responsibilities already assigned to the post. The individual occupying the post would report directly to the CEO

- Reclassification of the post of the Relations and Liaison Officer, in the Office of the CEO, from the P-4 to the P-5 level. This recommendation would also include a title change to Special Assistant to the CEO for Policy and Planning, to better reflect the new and strengthened duties already assigned

- New General Service (other level) post for the provision of clerical support to the Chief of Operations. As reported to the Standing Committee in 2001 and to the Board in 2002, the Chief of Operations, with wide-ranging responsibilities for supervising and managing the largest number of staff in the Fund secretariat, currently has no clerical support.

17. In addition to the above recommendations already approved in principle by the Board in 2002, provision is made for two new reclassifications:

- To further strengthen and enhance the overall structure of the Fund, it is recommended that the post of the Chief of the Participation, Entitlements and Contributions Section in the Geneva office be reclassified from the P-4 to the P-5 level. This recommendation is being made to reflect the new and strengthened duties already assigned to the post, as a result of the rapid expansion of the Fund's activities and the increasing workload being assigned to the Geneva office

- The reclassification of a post in the Participation, Entitlements and Client Services Section from the G-6 to the G-7 level is proposed, to better align the post with the responsibilities already assigned. This reclassification would provide much-needed assistance in the newly formed Client Servicing and

Records Management Distribution Unit and would provide consistency with the units charged with processing benefits. The section currently has two G-7 staff members in the benefit processing area, and this is insufficient to cover the complex work undertaken in the client servicing area, which is responsible for records management, training, quality management, client servicing and fraud control.

Completion of the information technology re-engineering project

18. The current budget proposal for the biennium 2004-2005 reflects a continuation of the re-engineering project as initially approved in 2001. It allows for:

- implementation of information technology projects scheduled for 2004 in the approved three-year re-engineering project
- implementation in 2004 of infrastructure projects postponed by Pension Fund management due to the lack of office space during the biennium 2002-2003; resources for those projects, already approved but not spent, will be transferred to the budget for the biennium 2004-2005
- transfer of the completed projects to the ongoing maintenance phases.

To enable the Fund to move some of its completed projects into the ongoing maintenance phases, no new posts are being recommended, but it is requested that two temporary assistance posts be converted to established posts. Both posts are in the Information Management Systems Section, and they relate to permanent functions that are key to the Fund's daily operations, namely, one P-3 webmaster and one P-3 database administrator.

Rental of new premises

19. The lack of office space in the United Nations Secretariat building has been a concern of the Pension Fund for quite some time, and to obtaining space off-site has proved to be a difficult challenge. The Fund had considered moving to premises in a new 25-story building purchased in early 2003 by the Investment Management Section as an investment. However, as explained in annex I.C, a decision was taken not to move the Fund secretariat and that Section to the building purchased as an investment. Arrangements have been made with the United Nations Procurement Division to locate new office space. All construction costs, office space, furniture, fixtures and equipment would comply with United Nations standards and supervision of the entire project would continue to be provided by the Facilities Management Division of the United Nations. The costs of furniture, fixtures and equipment related to the relocation of the Fund to a new building have not yet been determined. Those costs, which are not included in the purchase price or amortized in the rent, would be covered by expected savings for 2002-2003.

IV. Budget estimates for the biennium 2004-2005

Table 2
Requirements by component
(Thousands of United States dollars)

Component	*2000-2001 expenditure*	*2002-2003 appropriation*	*Resource growth*		*Total before recosting*	*Recosting*	*2004-2005 estimate*
			Amount	*Percentage*			
A. Administrative costs	26 223.3	40 819.4	6 328.5	3.0	47 147.9	2 543.1	49 691.0
B. Investment costs	38 010.2	43 405.1	(998.1)	(2.7)	42 407.0	607.1	43 014.1
C. Audit costs	802.6	1 168.2	491.6	43.8	1 659.8	72.0	1 731.8
Total funding from all sources	**65 036.1**	**85 392.7**	**5 822.0**	**0.7**	**91 214.7**	**3 222.2**	**94 436.9**
Pension Fund share	56 759.5	74 384.9	3 622.2	4.9	78 007.0	2 384.1	80 391.1
United Nations share	8 276 .6	11 007.8	2 199.8	20.0	13 207.7	838.1	14 045.8
Total net budget	**65 036.1**	**85 392.7**	**5 822.0**	**6.8**	**91 214.7**	**3 222.2**	**94 436.9**
Extrabudgetary							
Operational activities	0.0	0.0	623.1	0.0	623.1	19.3	642.4
Total	**65 036.1**	**85 392.7**	**6 445.1**	**7.5**	**91 837.8**	**3 241.5**	**95 079.3**

20. The resource growth under administrative costs relates, for the most part, to costs associated with the relocation of the Fund to new premises ($3,512,300), new posts and reclassifications ($1,499,300), increased resource requirements for information technology ($2,765,200) and bank charges ($1,430,000) that were previously reflected under investment costs, but are now shown under administrative costs. These increases are partly offset by reductions in information technology re-engineering projects in the amount of $2,971,300 (within the framework of the original estimates presented in the budget for 2002-2003). The negative resource growth under investment costs is due to expected savings from small capitalization investment advisory fees and from the decline in the market value of the portfolio. The growth in audit costs relates to (a) a request by the Internal Audit Division, of the Office of Internal Oversight Services in connection with the comprehensive work plan proposed for the biennium 2004-2005 and (b) a request by the Advisory Committee on Administrative and Budgetary Questions for the Board of Auditors to carry out an assessment of the capacity and professional expertise required by the Office of Internal Oversight Services to provide internal audit services to the administrative and investment activities of the Pension Fund, in accordance with commonly accepted industry standards for the audit of pension funds. The resources reflected under extrabudgetary costs relate to the proposed automation of the after-service health insurance system (see annex II.B); the cost of the extrabudgetary General Service (other level) post is included, within new posts and reclassifications, in the administrative costs, but will not be subject to the general one-third cost-sharing arrangement with the United Nations. Non-recurrent costs ($5,286,500) relate to the re-engineering projects ($5,055,400), programming costs to interface investment transactions with the Fund's accounting system ($172,800) and external audit costs ($58,300) related to the request mentioned in (b) above. A

non-recurrent element, related to after-service health insurance programming costs ($500,500), is contained under extrabudgetary resources.

Table 3
Post requirements

Distribution of posts by category

	2002-2003 approved			*2004-2005 estimate*				
Category	*Established posts*	*Temporary posts*	*Total posts*	*Established posts*	*Extrabudgetary posts*	*Temporary posts*	*Total posts*	*Change*
Administrative costs								
Professional and above								
ASG	1	0	1	1	0	0	1	0
D-2	0	0	0	1	0	0	1	1
D-1	3	0	3	3	0	0	3	0
P-5	5	0	5	6	0	0	6	1
P-4/3	27	6	33	29	0	4	33	0
P-2/1	1	0	1	1	0	0	1	0
Subtotal	**37**	**6**	**43**	**41**	**0**	**4**	**45**	**2**
General Service								
Principal level	6	0	6	7	0	0	7	1
Other level	78	4	82	80	1	5	86	4
Subtotal	**84**	**4**	**88**	**87**	**1**	**5**	**93**	**5**
Total	**121**	**10**	**131**	**128**	**1**	**9**	**138**	**7**
Investment costs								
Professional and above								
ASG	0	0	0	0	0	0	0	0
D-2	1	0	1	1	0	0	1	0
D-1	0	0	0	0	0	0	0	0
P-5	5	0	5	5	0	0	5	0
P-4/3	6	0	6	6	0	0	6	0
P-2/1	0	0	0	0	0	0	0	0
Subtotal	**12**	**0**	**12**	**12**	**0**	**0**	**12**	**0**
General Service								
Principal level	5	0	5	5	0	0	5	0
Other level	15	0	15	15	0	0	15	0
Subtotal	**20**	**0**	**20**	**20**	**0**	**0**	**20**	**0**
Total	**32**	**0**	**32**	**32**	**0**	**0**	**32**	**0**

Summary of post requests

Section	*Action*	*Number of posts*	*Category*
Office of the CEO	Reclassification	1	D-1 to D-2
	Reclassification	1	P-4 to P-5
Operations	New	1	General Service (Other level)
Participation, Entitlements and Client Services Section	Reclassification	1	G-6 to G-7
	Temporary Assistance	1	General Service (Other level)
Financial Services Section	New	3	General Service (Other level)
Information Management Systems Section	Reclassification	1	P-5 to D-1
	Conversions	2	P-3 posts
Geneva office	New	1	P-4
	New	1	P-3
	Reclassification	1	P-4 to P-5

A. Administrative costs

Resource requirements: $49,691,000

21. The administrative costs relate to all the services and activities required on behalf of participants in and beneficiaries of the Fund, the financial management of the contributions made on behalf of the active participants and payments made to beneficiaries, the information system support provided to those endeavours and the administrative services provided by the Executive Office to both the administrative and investment areas of the Fund (i.e., personnel, finance, budget and general administration).

22. The activities and programmes under administrative costs for the forthcoming biennium are as follows:

(a) Office of the Chief Executive Officer;

(b) Operational services;

(i) Operations (New York):

a. Office of the Chief of Operations

b. Participation, Entitlements and Client Services Section

c. Financial Services Section;

(ii) Office in Geneva:

a. Office of the Chief of the Geneva office

b. Participation, Entitlements and Contributions Section

c. Finance and Information Systems Section;

(c) Support services;

(i) Information Management Systems Section;

(ii) Executive Office.

Table 4
Requirements by component

Component	*Resources (thousands of United States dollars)*		*Posts*	
	2002-2003	*2004-2005*	*2002-2003*	*2004-2005*
1. Executive direction and management	6 199.8[1]	10 445.4	7	7
2. Programme of work				
(a) Office of the Chief of Operations	588.2[2]	2 202.1	2	3
(b) Financial Services Section	4 493.9	5 094.7	29	32
(c) Participation, Entitlements and Contributions Section	4 752.3	6 243.2	44	45
(d) Geneva office	3 638.1	4 677.6	21	23
Subtotal — programme	**19 672.3**	**28 663.0**	**103**	**110**
3. Programme support:				
(a) Information Management Systems Section	20 268.7	20 080.8	23	23
(b) Executive Office	878.4	947.2	5	5
Subtotal — support	**21 147.1**	**21 028.0**	**28**	**28**
Total	**40 819.4**	**49 691.0**	**131**	**138**

Increases due to [1] rental of premises (see para. 19 above); and [2] bank charges (see para. 34 below).

Office of the Chief Executive Officer

23. The Office of the Chief Executive Officer comprises the CEO/Secretary, Deputy CEO/Deputy Secretary, Senior Legal Officer, Relations and Liaison Officer, Meetings Services Assistant and two clerk/secretaries.

Table 5
Office of the CEO: resource requirements for administrative costs

Category	Resources (thousands of United States dollars)		Posts	
	2002-2003	2004-2005	2002-2003	2004-2005
Post	1 688.3	1 961.0	7	7
Non-post	4 511.5	8 484.4	-	-
Total	**6 199.8**	**10 445.4**	**7**	**7**

24. *Requested posts*. No new posts requested.

25. *Reclassification of posts*. Two reclassifications are requested:

(a) Reclassification of the post of Deputy CEO from D-1 to D-2. The upgrading of the post is in recognition of the increased responsibilities of the post and is consistent with the hierarchical structure and assignment of responsibilities within the Fund. While this post has not been classified formally, in 2002 the United Nations Office of Human Resources Management agreed with the consultants who undertook the whole-office review that it was properly classifiable at the D-2 level;

(b) Reclassification of the post of Special Assistant to the CEO from the P-4 to the P-5 level. New and strengthened duties have been added to the existing Relations and Liaison Officer post, including: (1) research on and technical analysis of pension plan design; (2) policy development related to benefit modifications; (3) drafting of documentation for legislative bodies; (4) liaison with the Consulting Actuary; (5) providing advice on Pension Fund rules and regulations; and (6) long-term strategic planning. The title of the post will be changed to Special Assistant to the CEO for Policy and Planning. These functions are key components of the CEO's plan to modernize the Secretariat and improve long-range planning, particularly in the light of the necessary implementation of the Fund's asset and liability management policy.

26. Both posts have been reviewed by the independent consultants and classification experts who conducted the whole-office review requested by the Standing Committee in 2001; the consultants agreed on the reclassification proposals and levels, according to United Nations Office of Human Resources Management standards.

Other costs

27. The resources requested relate to other staff costs (temporary assistance because of absence for sick leave and maternity leave), overtime, and actuarial and general consulting fees, reflecting no growth.

Travel

28. The increased requirements for travel of staff, reflecting resource growth of $54,700, at 2003 rates, relate to implementation of the Fund's communication policy and more frequent visits to various duty stations for pension seminars. For the travel

of the Committee of Actuaries, increases amounting to $30,000, at 2003 rates, relate to joint meetings held with the Investments Committee.

Rental of premises

29. The estimated requirements of $6,940,400 relate to the expected rental of premises, including rent and operating costs, occupied by the Fund secretariat (New York) at the new off-site location. This reflects an increase of $3,512,300. The United Nations share of these costs, under the current cost-sharing arrangement, would amount to $2,313,500.

Operations (New York)

30. The major objective is continuous improvement in the outreach to member organizations, participants, beneficiaries and the Pension Board. This will be accomplished by providing effective training and documentation, by paying benefits with the least costly method of payment within reasonable and determined time frames and by developing and adhering to pertinent audit, security and internal controls, thus alleviating major risk factors. As the majority of Pension Fund staff work in operations (80 posts — 15 Professional, 65 General Service), continuous improvement is also paramount in the management, leadership, direction and development of those staff, ensuring that client service orientation is reinforced and given the highest priority.

Office of the Chief of Operations

31. The Office of the Chief of Operations comprises the Chief of Operations (D-1) and one Professional post (P-3). Following the retirement in 2002 of the staff member encumbering a P-4 post, that post was redeployed to the newly formed Client Servicing and Records Management and Distribution Unit, in exchange for one P-3 level post.

Table 6
Office of Chief of Operations: Resource requirements for administrative costs

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*
Post	588.2	740.6	2	3
Non-post	0.0	1 461.5	-	-
Total	**588.2**	**2 202.1**	**2**	**3**

32. *Posts requested*. One new General Service (Other level) post.

33. *Reasons for request*. To provide support to the operational area. The incumbent would be a word-processing specialist responsible for updating and formatting all Pension Fund forms and training documents. The incumbent would also provide support to operations at large, since all other General Service posts are specifically utilized for assistance in accounting, treasury, or payments and calculations functions, and it would not be appropriate to redeploy expertise in those areas to a

clerical function, which does not presently exist within operations. The incumbent would also supply clerical support for the processing of disability cases prior to the granting of a benefit.

Non-post costs

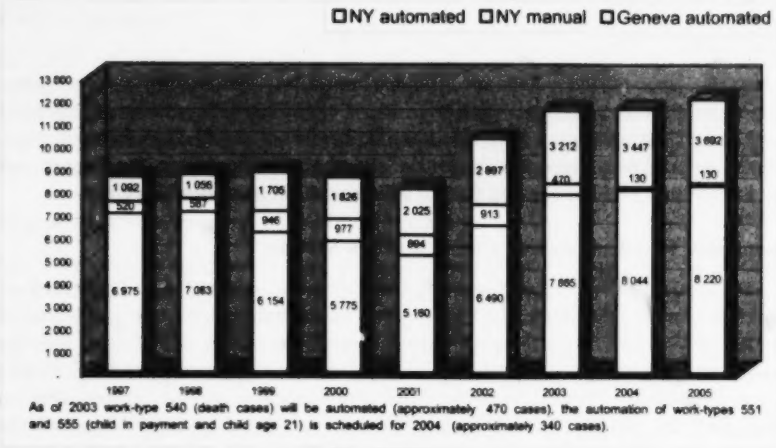
34. Bank charges ($1,461,500) are included under this heading for the first time, on the basis of the latest recommendation of the external auditors. During its examination of the accounts of the Fund for the biennium ended 31 December 2001, the Board of Auditors proposed that bank charges be reflected in the operational budget rather than as a budget line for the Investment Management Service.

Participation, Entitlements and Client Services Section

35. The former Pension Entitlements Section, now renamed the Participation, Entitlements and Client Services Section, has responsibility for the participation processes of the United Nations at Headquarters (including all United Nations Development Programme (UNDP) and United Nations Children's Fund (UNICEF) staff, whether at Headquarters or in the field), the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Latin America and the Caribbean and all peacekeeping operations. It also acts as the staff pension committee for those United Nations entities. It also processes cases from the World Food Programme, the Food and Agriculture Organization of the United Nations, the International Civil Aviation Organization and the International Seabed Authority, each of which has its own local staff pension secretariat, and it processes benefits and recalculations, revisions and Emergency Fund assistance for all entities listed. The Section also undertakes the processing of complex manual cases, the transfer of pension rights for the Pension Fund as a whole, the entire certificate of entitlement processing and fraud control. Major challenges for this Section during the biennium 2004-2005 are the move towards the processing of all benefits within 15 days, as benchmarked by the Pension Fund, and to continue to improve the quality and level of service to an increasing number of participants and beneficiaries. The Section will be greatly affected by the constant volume of work of increasing complexity, especially relating to survivor benefits and multiple family cases and the testing of applications to computerize benefit and participation processing. Figures 7, 8 and 9 provide information as to the statistical trends over the past five years and contain estimates for 2003, 2004 and 2005.

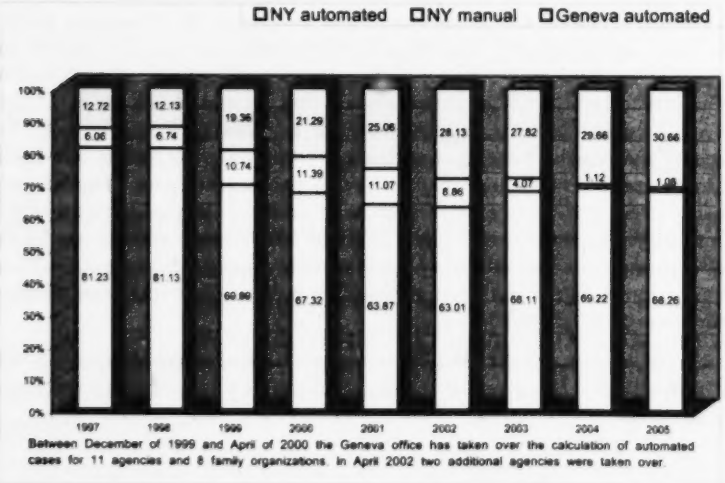
36. The increase in projected benefit payments reflects the processing of withdrawal settlements relating to the scheduled closure of peacekeeping missions in 2003 and in 2004.

Figure 7
Benefits processed



As of 2003 work-type 540 (death cases) will be automated (approximately 470 cases), the automation of work-types 551 and 555 (child in payment and child age 21) is scheduled for 2004 (approximately 340 cases).

Figure 8
Distribution of cases by office

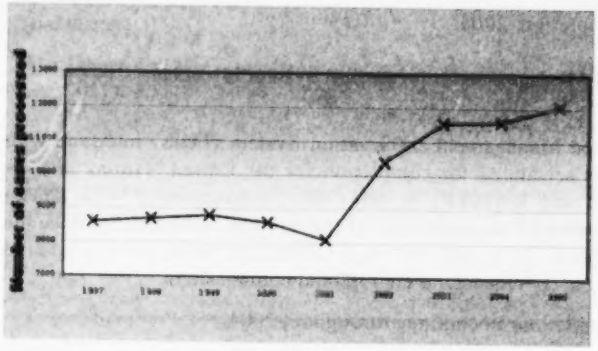


Between December of 1999 and April of 2000 the Geneva office has taken over the calculation of automated cases for 11 agencies and 8 family organizations. In April 2002 two additional agencies were taken over.

37. The automation of death cases in 2003 is expected to lead to a 50 per cent reduction in manual cases, and in 2005 the automation of children-into-payment and child-aged-21 cases is expected to further reduce the manual calculation of cases to approximately 1.2 per cent of all cases, down from 8.8 per cent in 2002. The efficiencies gained from the computerization of manual cases will be offset by the growth in the number of cases flowing from peacekeeping operations, and in that respect it is anticipated that as a number of missions downsize there will be an increase in withdrawal settlement processing. The Section will continue to liaise

with the Geneva office, ensuring consistency of application of Pension Fund benefit processing.

Figure 9
Benefit processing in New York and Geneva



Major objectives and indicators of achievement:

Objective 1: web site enhancement

38. Increase the role of the United Nations Joint Staff Pension Fund web site by continuously reviewing, adding to and updating, providing pertinent information for participants and beneficiaries.

39. Target periods for this activity: 2004 and 2005.

Objective 2: computerizing benefits

40. On schedule for 2003, the death benefit module will be implemented, to be followed in 2004 by the modules relating to child-aged-21 and child-into-payment cases. Once these modules are deployed, the manual processing of benefits will be reduced to an estimated 130 cases per year, or 1.2 per cent of processing.

Objective 3: conversion of benefit entitlement letters

41. Assist the Information Management Systems Section with the conversion of the generation of benefit entitlement letters to the Office Vision product in 2004. Table 7 shows the number of benefit entitlement letters sent annually.

Table 7
Benefit entitlement letters

	1997	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*
New York, automated	6 975	7 063	6 154	5 775	5 160	6 608	7 865	8 044	8 220
New York, manual	520	587	946	977	894	883	470	130	130
Geneva, automated	1 092	1 056	1 705	1 826	2 025	2 910	3 212	3 447	3 692
Total	**8 587**	**8 706**	**8 805**	**8 578**	**8 079**	**10 401**	**11 547**	**11 621**	**12 042**

Objective 4: complete participant-system edits

42. Review and complete the participant-system edits. This entails a complete review of the participant system, tightening up the edits and computerizing letter generation as regards queries relating to initial participation, validation and restoration.

43. Target date for completion: 2005.

Objective 5: Integrated Management Information System interface enhancements

44. While the Integrated Management Information System (IMIS) interface with Pension Fund systems is scheduled for completion for the United Nations in New York (excluding UNDP and UNICEF) in late 2003, enhancements will almost certainly be required because of the magnitude of this project. Additionally, once the New York interface is tested, the system will be reviewed and rolled out in phases to the United Nations at Geneva, Vienna and the regional commissions.

45. Target date for completion: to continue throughout 2004.

Objective 6: procedures and administrative manual

46. Work will continue on the production of a procedures and administrative manual, which will be a requirement for the knowledge management system, for training purposes and for consistency of processing within the Pension Fund.

47. Target date for completion: ongoing, but with a view to ensuring that all procedures have been updated and available by the end of 2005.

Objective 7: review the certificate of entitlement process

48. Review other pension plans' procedures for verifying continued entitlement to benefits. The certificate of entitlement form is to be updated and revised after discussion with the Federation of Associations of Former International Civil Servants and member organizations.

49. Target date for completion: review to begin in the fall of 2004 with a view to having a new form in place for the certificate of entitlement mailing in October 2005 and updated procedures for the 2005 exercise.

Objective 8: redesign annual statement

50. Redesign the annual statement in collaboration with the Geneva office, secretaries of staff pension committees and staff of the Pension Fund. The annual statement should be made available in English and French and should be accessed via the Intranet or via e-mail.

51. Target date for completion: the new form should be developed during 2004 and be accessible via the Intranet or e-mail for the exercise due to be conducted in May/June 2005.

Objective 9: training materials for workshops

52. Continue to review and update training materials for workshops and seminars and provide training to participants and beneficiaries as warranted.

53. Target date for completion: a continuing goal for 2004-2005. Organize pension "tables" in the United Nations Secretariat lobby once a year to distribute new documentation or informational material.

Objective 10: participant and beneficiary surveys

54. Organize participant and beneficiary surveys to measure customer service satisfaction.

55. Target date for completion: a continuing goal for 2004-2005, one survey each year.

Table 8
Participation, Entitlements and Client Services Section: Resource requirements for administrative costs

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*
Post	**4 752.3**	**6 243.2**	**44**	**45**

56. *Posts requested*. Reclassification of one post from G-6 to G-7 and 72 months of general temporary assistance:

(a) The reclassification of a post in the Participation, Entitlements and Client Services Section from the G-6 to the G-7 level is proposed, to better align the post with the responsibilities already assigned. This reclassification would provide much-needed assistance in the newly formed Client Servicing and Records Management Distribution Unit and would provide consistency with the units charged with processing benefits. The section currently has two G-7 staff members in the benefit-processing area, and this is insufficient to cover the complex work undertaken in the client servicing area, which is responsible for records management, training, quality management, client servicing and fraud control;

(b) General temporary assistance: 72 months.

57. The estimated number of cases to be processed in 2003 is 8,335, based on the processing speed of 0.747 cases per day. This includes time spent on data entry relating to participation, collection of separation documents and payment instructions for former staff of United Nations family organizations and re-engineering and miscellaneous projects executed by benefit-processing staff. An estimated 6,226 working days will be needed. Current available resources include the use of one G-4 post assigned to the office of the Chief of the Section and eight months of general temporary assistance, for a total of 5,705 working days which, based on current year figures, would result in the release of 7,637 cases. A balance of some 700 cases will accrue and will remain outstanding by the end of 2003. For 2004 and 2005, excluding the eight months of temporary assistance, it is anticipated that the available working days, would level off at 5,557, resulting in a maximum capacity of 7,439 released cases. Expected savings in the number of working days needed for participants' cases will result from the implementation of the IMIS interface in late 2003, and will lead to an increased capacity of 100 cases annually, raising the processing level to 7,539 cases. This will lead to a shortfall of 635 cases

for 2004 and 811 cases for 2005. This shortfall of 700 (2003), 635 (2004) and 811 (2005) cases would require 86 staff-months in temporary assistance (2,146 times 0.747 / 18.52). Of these 86 months, the Participation, Entitlements and Client Services Section will absorb 14 months, anticipating improvement in the current processing rate of 0.747 cases per day. Of the increased resources, an amount equivalent to 48 months is being brought forward from the biennium 2002-2003; the increase requested for the 2004-2005 biennium therefore covers 24 months.

Financial Services Section

58. The Financial Services Section is responsible for the accounting, payment and cashiering functions (disbursements) related to participants and beneficiaries and ensures the proper provision of financial information to them. It is also responsible for the financial statements of the Fund and the year-end reconciliation of participant data and contributions and for monitoring the receipt of monthly contributions from the member organizations, as well as all receivable and payable records for beneficiaries and organizations (including for after-service health insurance). The Section also coordinates and oversees changes from previous accounting and disbursement systems to new systems and reviews and modifies the payment and banking procedures. During the next biennium the Fund is expected to have improved its banking functionality, and more emphasis will be placed on directing and controlling cash management, treasury and cash flow activities.

Table 9
Financial Services Section: resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*
Post	**4 493.9**	**5 094.7**	**29**	**32**

1. Accounts Unit

59. The Accounts Unit comprises 12 posts, 2 Professional and 10 General Service. The challenges for the Unit during the biennium will be to ensure that all internal and external audit observations are reviewed and that ongoing efforts are made to implement audit recommendations. Additionally, considerable effort will be required to streamline the pensionable remuneration exception exercise, particularly in view of the increasing number of participants.

60. An analysis of the business area and process documentation will determine risk factors and critical areas. Interaction with the Geneva office will be required for certain procedures or issues involving the collection of contributions or pensionable remuneration exception issues.

Objective 1: accounting and administrative procedures

61. Conduct a review and modernize all Pension Fund accounting and administrative procedures to ensure greater clarity and decrease risk and exposure.

62. Target date for completion: review to be finalized by mid-2004, prior to the Pension Board session.

Objective 2: review pensionable remuneration exceptions

63. Undertake a detailed review of pensionable remuneration exceptions with a view to simplifying and providing new instructions for the year-end exercise.

64. Target date for completion: (probable review of pensionable remuneration exception programme) by the end of 2004.

Objective 3: bank reconciliation procedures

65. Review and revise bank reconciliation procedures following the introduction of the new banking arrangements.

66. Target date for completion: September 2004.

Objective 4: contributions issues

67. Ensure complete follow-up of contribution issues in a timely manner, with review meetings arranged with UNDP and UNICEF, as well as with other United Nations offices or programmes for which the Pension Fund acts as the staff pension committee, as appropriate.

68. Target date for completion: ongoing for 2004-2005.

Objective 5: financial statements

69. Issue the financial statements without error.

70. Target date for completion: unqualified biennial statements during 2004 and an accurate annual statement during 2005.

Objective 6: transfer of accounting functionality

71. Review and finalize the transfer of accounting functionality from the Executive Office to the Accounts Unit.

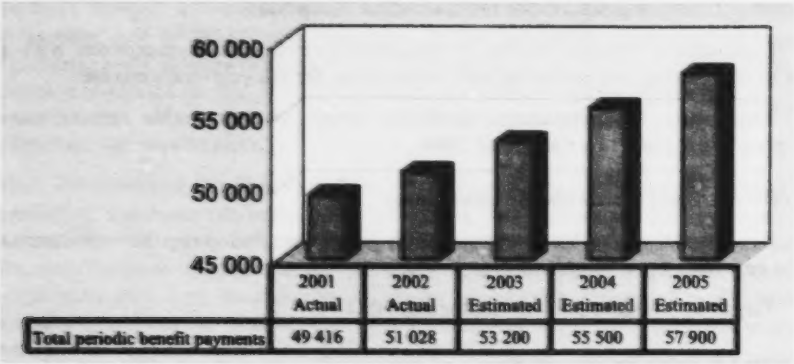
72. Target date for completion: January 2004.

73. *Posts requested.* No new posts requested.

2. Payments Unit

74. The Payments Unit comprises 11 posts, 3 Professional and 8 General Service. Major challenges to be faced during the biennium will be the ever-increasing number of beneficiaries being added to the payroll and the difficulties in making payments to beneficiaries in an increasing number of countries embroiled in economic and civil turmoil. An additional challenge is to maintain payroll flexibility while adapting to the more complex set of payment instructions required by banks in the light of the changing dynamics within the banking industry. Continuous interaction with the Geneva office will be undertaken, particularly with regard to similar activities.

Figure 10
Total periodic benefit payments



Objective 1: After-service health insurance procedures

75. (a) Maintenance of current monthly payroll issuance; (b) reduction in the time taken to respond to correspondence.

76. Targets for completion: (a) reduction in number of open accounts payable/ accounts receivable backlog cases by 50 per cent or more; (b) meeting the 15-day benchmark.

Objective 2: disaster recovery procedures

77. Review and consolidate disaster recovery procedures for payroll with the Geneva office and the Information Management Systems Section and finalize procedures therein.

78. Target period for completion: beginning of 2004.

Objective 3: retiree surveys

79. Organize retiree surveys on payroll/payment issues in conjunction with Participation, Entitlements and Client Services Section.

80. Target period for completion: one survey in 2004 and another in 2005.

Objective 4: accounts payable/receivable procedures

81. Review accounts payable/receivable procedures and staffing to determine optimal efficiency.

Objective 5 : After-service health insurance automation/enhancements

82. Develop electronic transmission of reports to after-service health insurance participating organizations. Provide those organizations with direct access to mainframe data to generate their own reports and enable them to upload after-service health insurance deductions to the mainframe. To be viewed in conjunction with the note on after-service health insurance before the Standing Committee.

83. Target period for completion: 2004.

Objective 6: automation of monthly exchange rates loading

84. Automation of loading of monthly exchange rates from the United Nations to the United Nations Joint Staff Pension Fund Administration System (PENSYS) and of payroll vouchers from PENSYS.

85. Target for completion: 2005.

Objective 7: optical access to cost-of-living and consumer price index data

86. Scanning of cost-of-living adjustments documents and consumer price index data into the Fund's optical system, for easy access. Documents are currently available only in hard copy.

87. Target for completion: 2004.

Objective 8: web site

88. Continuously review, update and add to information available on the United Nations Joint Staff Pension Fund web site relating to payment issues for beneficiaries.

89. Target for completion: ongoing 2004-2005.

90. *Posts requested.* Two General Service posts.

91. *Reasons for the request.* As can be seen from figure 10, the number of beneficiaries in payment increased to 51,028 in 2002 (from 37,156 in 1994) and is projected to increase to 57,900 in 2005. The staff of the Payments Unit has remained static since 1995, when one new General Service (Other level) post was added as general temporary assistance. This general temporary assistance post was converted to an established post in 2000. There is now a need for two new General Service (other level) posts to cope with this volume increase, as follows:

(a) Accounts receivable: 47 per cent of all open Payments Unit cases are related to receivables and payables. The Payments Unit has for years been experiencing a serious backlog of cases related to overpayment and recovery because of a chronic shortage of staff. The same staff member who is handling the monthly payroll, a high-priority task, is also engaged in the set-up, follow-up and recovery of overpayments. Once a new post is approved, the Fund will be able to clear the backlog with a staff member devoted to that function and consider moving the post and function to the Accounts Unit;

(b) After-service health insurance: this additional staff member would be responsible for all aspects of maintenance of after-service health insurance deductions, including, but not limited to, ensuring that data are submitted in a timely manner; running preliminary edit checks, reports and reconciling against confirmation totals; preparing and communicating error reports; preparing a worksheet for recording in the Lawson accounting system; and setting up and recovering receivables. The staff member will also ensure timely responses to all correspondence related to after-service health insurance deductions and serve as the lead contact with after-service health insurance organizations. The requested General Service post will provide those services for after-service health insurance

subscribers, the number of which increased from just over 2,000 in 1989 to more than 20,000 as at December 2002. Total deductions now amount to some $2.1 million per month. Further information on this proposal and on arrangements among participating organizations for sharing the administrative costs of the after-service health insurance premium programme is provided in annex II.B. The funding requested in the biennium 2004-2005 under extrabudgetary resources for non-post after-service health insurance costs amounts to $623,100, at 2003 rates.

3. Cashier Unit

92. The Cashier Unit comprises 5 posts, 2 Professional and 3 General Service. Major challenges during the biennium are to enhance internal control mechanisms for cash management and to continue to improve reporting in that regard. In view of the growth in the number of beneficiaries, the work of the Unit will increase because of enquiries related to non-receipt of benefits and to bank charges. There will be a need for greater interaction with the Geneva office on similar issues.

Figure 11
Non-receipts/delays

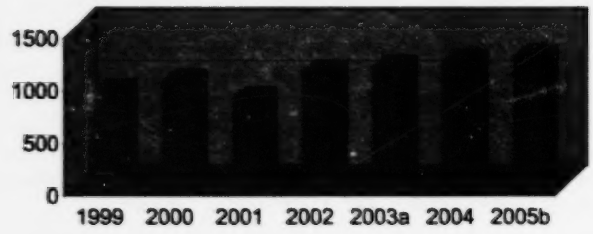


Figure 12
Bank charges

[a] Based on real data for January-April and projected data for May-December.
[b] Projection based on data from previous years: 4.37 per cent increase per year, based on the projected 4.37 per cent annual increase in the number of benefits paid.

Objective 1: new banking contracts

93. Following the complete introduction of the new banking contracts, review and finalize new procedures.

94. Target period for completion: beginning of 2004.

Objective 2: productivity analysis

95. Determine possible improvements to the productivity of Cashier Unit and its service to beneficiaries after the introduction of the new banking arrangements.

96. Target period for completion: 2005.

Objective 3: reporting

97. Mechanisms for receiving and reporting on contributions should be devised for ease of reporting and follow-up.

98. Target period for completion: 2004.

Objective 4: Cash management

99. Cash management procedures should be finalized and reporting on monthly/yearly trends made available.

100. Target period for completion: 2004.

101. *Posts requested*. One new General Service (Other level) post.

102. *Reason for request*. The Unit's staffing level has remained the same for at least 20 years, while the number of beneficiaries increased from 15,000 in 1980 to about 51,000 in 2002, with payments being issued to more than 190 countries. Additional staffing was recommended by the consulting group that conducted the whole-office review for the Fund in 2002. While technological advances have facilitated the Unit's functions in many ways over the years, factors such as the evolving nature of the banking industry worldwide and the development of worldwide payment systems have made the work of the Unit more complex.

Geneva office

103. The Fund's Geneva office has been delegated responsibility to administer the participation processes, from entry to separation, for participants from 15 member organizations (International Labour Organization, United Nations Educational, Scientific and Cultural Organization, World Health Organization, World Intellectual Property Organization, International Telecommunication Union, World Meteorological Organization, International Atomic Energy Agency, United Nations Industrial Development Organization, International Maritime Organization, International Fund for Agricultural Development, International Centre for Genetic Engineering and Biotechnology, World Trade Organization, International Tribunal for the Law of the Sea, International Centre for the Study of the Preservation and Restoration of Cultural Property, European and Mediterranean Plant Protection Organization) and from 10 main United Nations offices (United Nations Office at Geneva, Office of the United Nations High Commissioner for Refugees, Economic Commission for Africa, United Nations Office at Vienna, United Nations Office at Nairobi, United Nations Environment Programme, United Nations Centre for Human Settlements, Economic and Social Commission for Western Asia, International Court of Justice, United Nations Relief and Works Agency for Palestine Refugees in the Near East) and to process benefits and subsequent recalculations, revisions and Emergency Fund assistance to beneficiaries in regions under the responsibility of the office.

104. During phase 2 of the enhancement of the Geneva office (biennium 2002-2003), the workload increased by 42.5 per cent for benefit processing (3,048/2,139), 22.9 per cent in the updating of Fund records (76,411/62,197), 18.7 per cent in the volume of document scanning (110,773/93,326) and 19.3 per cent in visits and telephone traffic. Under phase 3 (biennium 2004-2005), the benefit recalculation process (540 work-types: survivor benefit; 524 work-types: two-track implementation), which will have been computerized, will be assigned to Geneva for the beneficiaries residing in its regions of responsibility, resulting in a further increase in workload. Based on (a) the country of residence of pensioners and (b) the fact that the largest use of the two-track feature is made in the European region, the assumption was made that (i) 50 per cent of survivor benefits will be routed to and handled from Geneva and (ii) 60 per cent of two-track requests will emanate from pensioners residing closer to Geneva and will thus be handled from the Geneva office.

Table 10
Geneva office resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*
Post	3 223.1	4 135.8	21[a]	23
Non-post	415.0[b]	541.8[b]		
Total	**3 638.1**	**4 677.6**	**21[a]**	**23**

[a] Five Professional, 16 General Service (Other level).
[b] Non-post costs include general temporary assistance, overtime, travel of staff and general operating expenses.

General temporary assistance

105. Provision for six staff-months ($28,700) is requested to cope with maternity or sick leave and to meet in timely fashion unforeseen needs (e.g., bulk revision of benefits, United Nations Administrative Tribunal retroactive revision of salary scale, new banking standards, etc.).

Overtime

106. An increase of $5,000 over the current $20,000 provision is requested for overtime, to cope with the increased workload.

Travel

107. An increase to $25,000 is requested to respond to increasing requests, primarily from field offices in Africa and the Middle East, to organize local training, workshops and seminars (pre-retirement and participation) and provide on-site service to participants, beneficiaries and chapters of the Federation of Associations of Former International Civil Servants.

Miscellaneous supplies

108. No increase is requested in the provision of $80,000 for the biennium 2002-2003 to defray the costs incurred, through the United Nations Office at Geneva library, administration and conference services, for technical support, reproduction, distribution and information dissemination services, and to meet other related costs and services.

Rental of premises

109. For the biennium 2002-2003 the Pension Fund's two-thirds share of the cost of rental of space made available for the Fund's office in Geneva amounted to $186,100; the gross cost was $279,200. The Geneva rental charges are scheduled for revision as from 2004. A small increase has been requested to partially meet the expected increase, pending clarification by the United Nations Office at Geneva of the actual charges. The gross provision for 2004-2005 is set at $282,600.

1. Office of the Chief of the Geneva office

110. *Posts requested.* No new post requested.

111. The Office comprises the Chief of the Geneva office (D-1) and one General Service (other level) post. Operational activities are performed by two Sections: the Participation, Entitlements and Contributions Section and the Finance and Information Systems Section.

2. Participation, Entitlements and Contributions Section

112. The Participation, Entitlements and Contributions Section comprises 13 posts, 3 Professional and 10 General Service. The Section's major objectives and indicators of achievements are set out below.

Objective 1: benefit-processing system enhancement

113. As the current manual processing of benefits is undertaken in New York, the computerization of the benefit processing (specification, programme design and testing) will be primarily undertaken in New York, with consultation with the Section on various issues, definitions, etc. However, in order for the Section to take over the formal assignment of handling 500-series cases in the Geneva office, it will be necessary to carry out the training of its staff and to implement the enhancements.

114. Target date for activities: implementation as from beginning of the biennium 2004-2005.

Objective 2: client-service orientation

115. Promote client-service orientation: secure training of staff for the development of skills, master new regulations and instil a culture of teamwork and creative thinking. Organize quarterly meetings and ad hoc round-table seminars in response to new events.

Objective 3: procedures

116. Document and disseminate procedures streamlining work methods relating to benefits.

117. Target date for activities: ongoing throughout the biennium 2004-2005.

Objective 4: reporting

118. Report on an annual basis to agencies and United Nations offices on benefit processing.

119. Target date for activities: first quarter of each year for reporting on the closing of the previous calendar year.

Objective 5: training

120. Provide training to new staff pension committee staff as requested by agencies (e.g., for new staff) or upon the introduction of new regulations or changes in Pension Fund programmes, etc.

Objective 6: workshops

121. Provide workshops to finance and human resources staff in agencies and United Nations offices both in Geneva and in the regions covered from Geneva (Europe, the Middle East, Africa).

122. Target date for activities: provide sessions in the second and fourth quarter of the year.

123. *Posts requested.* (a) One reclassification from P-4 to P-5 and (b) one new Professional post (P-4).

124. *Reasons for requests.* (a) Reclassification of the post of Chief of the Section from P-4 to P-5. Increasingly through the first three phases of the enhancement of the role of the Geneva office, the scope of responsibility of the Participation, Entitlements and Contributions Section in the next biennium will have extended to

the full range of benefit types processed in the Fund. This assignment of responsibility to both Fund offices has further enhanced client servicing and constitutes a step towards securing the Fund's well-planned business continuity policy. Modern, streamlined client-oriented staffing and resource management have been enforced in the Section throughout the years, and have enabled the office to meet its commitment to process all benefits within 15 days of receipt of separation documents. From 1999 to 2002, this was done in six, nine, eight and nine calendar days, respectively. To reflect these enhanced responsibilities, it is proposed to reclassify the post of the Chief of the Section from the P-4 to the P-5 level. The Fund has been advised that the functions performed meet the requirements for reclassification at the P-5 level. (b) The new P-4 post is to ensure availability of management skills and the analytical competencies required to administer the complex new responsibility assigned to the Geneva office, particularly in relation to survivors' and former spouses' benefits and to handle an increased volume of work dealing with approval of benefits.

3. Finance and Information Systems Section

125. The Finance and Information Systems Section comprises 6 posts, 1 Professional and 5 General Service. In addition to management tasks for the monitoring of the Section, activities performed in the Section comprise the analytical, financial and banking processes required for the servicing of beneficiaries. The Section is also responsible for the information technology processes required for the proper functioning of the Fund's office in Geneva. It also performs backstopping functions relating to its substantive activities and provides records management, secretarial and telephone services and information services for visitors. The Chief of the Section participates in information technology activities and other enhancements of the Fund's project development and technology management. The major objectives and indicators of achievements of the Section are set out below.

Objective 1: client-service orientation

126. Promote client-service orientation: training of staff for the development of skills, mastering of new regulations and the creation of a culture of teamwork and creative thinking.

127. Target date for activity: quarterly sessions and/or ad hoc round tables in response to new events.

Objective 2: procedures

128. Document and disseminate procedures streamlining various work methods (five or six new issues or revisions per year).

129. Target date for activity: ongoing throughout the biennium 2004-2005.

Objective 3: communication

130. Enforce proactive client servicing through targeted mass communication (e.g., on new banking requirements standards).

131. Timely reaction as events occur, assessment of objectives by volume (e.g., new standard in a given country).

Objective 4: round tables

132. Provide round tables for the Association of Former International Civil Servants-Geneva and staff pension committee secretariats, on topics of specific interest to pensioners.

133. Target for activity: offer three to four round tables in 2004-2005.

Objective 5: reporting

134. Servicing telephone callers and visitors: streamline reporting for better identification of clients' needs.

135. Target date for activity: implementation by mid-2004.

Objective 6: business continuity

136. Pursue active interaction with the New York office on information technology and other substantive issues concerning benefit payments.

137. Target date for activity: ongoing in 2004-2005.

138. *Posts requested.* One new Professional post.

139. *Reasons for request.* The recorded increase in the volume of benefit processing through phases 1 and 2 (and an increase from 1,183 cases in 1999 to 2,900 in 2002 — 145.1 per cent) entailed a proportionate increase in the payment process workload and related banking and accounting activity handled by the Finance and Information Systems Section. The Section also recorded a 19.3 per cent increase from 2001 to 2002 in the volume of telephone calls and visitors. These increases in the level of activity jeopardize the capacity of the Section to deliver services and to ensure the efficiency of finance, accounting and banking control processes. To cope with this situation a new P-3 Finance Officer post is requested. This second Professional post would enable the Section to handle the increased workload, secure continuity of service (during mission assignments or other absence), and comply with the segregation of duties required by the United Nations Financial Regulations as revised and reinforced with effect from 1 January 2003: "All commitments require at least two authorizing signatures, in either conventional or electronic form, and bank signatories cannot exercise the approving functions". As noted by the external auditors, there are presently not enough Professional staff outside of the Participation, Entitlements and Contributions Section, and any absence of the Chief of the Geneva office or of the Finance Officer creates a financial risk, as a releaser would have to certify the payment of benefits monitored by the Chief or the Finance Officer. A deputy to the Finance Officer is necessary to eliminate such risks.

Information Management Systems Section

140. The Information Management Systems Section comprises 23 posts, 18 Professional and 5 General Service.

141. In 2004 the Pension Fund will complete its major re-engineering projects, and during 2005 the major focus will be on maintaining the re-engineered systems.

142. The major challenge for the biennium 2004-2005 is to continue the roll-out of state-of-the-art information technology for participant and benefit processing, financial reporting and general data retrieval. Participants, beneficiaries and member

organizations will have direct access to pension information via established system-to-system interfaces and the Web. This will require a more open pension information system, operating as a fully integrated component of a vast global network.

143. System integrity, security and efficiency will be of paramount importance. Security policies, procedures and guidelines will be developed and modified as necessary. The Fund may seek certification by the International Organization for Standardization (ISO) in security preparedness. The Section will also focus on risk avoidance, disaster recovery and business continuity planning.

144. Funding is requested for:

- the continuation of the information technology re-engineering projects
- the maintenance of completed re-engineering projects approved for the 2002-2003 biennium
- a study to determine the migration path for the upgrading or replacement of the PENSYS pension system
- the development of new systems requested by the business units.

1. Applications programming

145. Funding is requested to:

- complete projects, driven by operations, to enhance productivity and reduce risk; reduce manually processed benefits to approximately 1 per cent of all benefits processed; enhance participant processing; enact new banking arrangements; and improve after-service health insurance processing and reporting
- complete the re-engineering projects to include web-enablement, data collection and data warehousing
- complete and maintain system integration projects to include the banking interface project, key performance indicators and performance reporting systems
- enhance all web-based systems and the Lawson accounting system
- perform a study to determine the best course to take regarding the upgrading or replacement of the PENSYS pension system, which has been in operation for over 10 years.

Objective 1: project delivery

146. Support each business unit in defining project requirements. Deliver projects on time and within budgeted resources.

Objective 2: application system performance

147. Ensure that systems are developed using the Fund's established systems development methodology and monitored by service level agreement contracts with users.

Objective 3: application system productivity realization

148. Work with users to assess business needs and align the business problem with the technical solution.

2. Computer operations

149. Funding is requested to:

- maintain and support the information technology infrastructure and operating environment, making changes necessary after the completion of re-engineering projects: knowledge management, workflow upgrade, Ethernet migration, security systems, web-enablement, data warehouse and data collection initiatives
- enhance the consolidated web site and supporting infrastructure
- enhance and support the Lotus Notes systems, including the procurement system, e-mail, and related products.

150. All of the computer operations objectives set out below are ongoing.

Objective 1: support systems and business activities requiring technology and automation

151. The Fund's service level agreement will be used as the basis for reporting performance. Metrics for response time, system availability and network performance will be tracked.

Objective 2: develop, implement and monitor the Fund's technology infrastructure

Objective 3: complete and maintain systems associated with re-engineering projects, to include Knowledge Management and Workflow

152. Support each business unit in defining requirements and implementing solutions using established project management and systems development methodologies.

Objective 4: follow ISO 17799 guidelines to develop a security system to accommodate future requirements for data protection and business continuity

Table 11
Information Management Systems Section resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*
Post	4 085.2	3 866.7	23	23
Non-post	16 183.6	16 214.1		
Total	**20 268.7**	**20 080.8**	**23**	**23**

153. *Requested posts.* No request for new posts; one reclassification; request for the conversion of two temporary posts to established posts.

154. The request for the reclassification of the Chief Information Officer post from the P-5 to the D-1 level is in recognition of its expanded scope, which already gives the Chief Information Officer increased responsibilities for security, business continuity planning and coordination with the Fund's member organizations. In the new organization plan, the Chief Information Officer will report directly to the CEO. This post was reviewed by the independent consultants and classification experts who conducted the whole-office review requested by the Standing Committee in 2001; they agreed with the reclassification proposal and level, in accordance with United Nations Office of Human Resources Management standards.

155. The conversion of a temporary Professional post at the P-3 level to an established post is requested for the Computer Operations Unit; the incumbent is to be responsible for performing the functions of webmaster. The Fund's use of the Web is increasing and is a key component of future direction strategy.

156. The conversion of a temporary Professional post at the P-3 level to an established post is requested; the incumbent is to perform the duties of database administrator. The functions assigned to this post will ensure that: (1) the integrity of data meets the rigid standards established by the Fund; (2) a secure and protected environment exists, whereby backup and recovery procedures are followed without exception; and (3) system maintenance and upgrades are performed as necessary on all supported platforms. The Fund's UNIX, mainframe and AS/400 systems all support a common database that is fully integrated with the United Nations Joint Staff Pension Fund application systems. The complexity of this structure requires constant monitoring.

Integrated Management Systems Section non-post resource requirements

157. The total resources requested ($14,885,000) relate to the requirements set out below.

Training

158. The estimated requirements of $62,600 involve training of staff in technology administration, programming and systems analysis.

Travel

159. The estimated requirements of $72,000 involve travel of staff to member organizations, technical conferences and seminars and representation at International Computing Centre meetings.

Contractual services

160. The net estimated requirements of $8,381,500 comprise the use of International Computing Centre services ($3,063,600) and the cost of consulting services to meet the need for computer expertise not available in the Fund secretariat ($5,317,900). The specific projects to be undertaken during the forthcoming biennium would include: (a) Lotus Notes maintenance and upgrades; (b) network administration for Novell and Windows 2000 upgrades; (c) systems administration for UNIX and LINUX; (d) business and technical analysis for annual statement and

participant booklet redesign; (e) content administration and support for the knowledge management system; (f) systems administration for security subsystems; (g) process and technical design documentation and support; (h) technical development and support for the new banking arrangements; and (i) a study to review the Fund's PENSYS system (now 10 years in operation), which provides automated support for the majority of mission-critical functions performed in the Fund.

General operating expenses

161. The estimated requirements of $2,422,900 relate to: (a) communications services paid to the United Nations; (b) the net cost for software and hardware maintenance contracts associated with the Fund's host and personal computer systems; (c) requirements for the off-site storage of scanned documents and obsolete equipment; and (d) miscellaneous supplies and services, such as optical disks, print cartridges, cables, forms for the certificate of entitlement and annual statement and postage.

Supplies and materials

162. The estimated requirements of $1,736,500 relate to the replacement and upgrade of existing software and the purchase of new software.

Furniture and equipment

163. The estimated requirements of $2,209,500 relate to the replacement and upgrade of existing hardware and the purchase of new equipment.

Re-engineering project

164. The main thrust of the re-engineering project is to facilitate the exchange of participant and retiree information electronically, thus obviating the need for dual data entry. Instant access to information of interest to participants and beneficiaries is also provided. The implementation of the associated projects is divided into those that: (a) enhance the basic infrastructure of the Fund and provide a viable platform from which to launch future-direction technology initiatives; and (b) help attain desired productivity, performance and quality-of-service objectives.

165. The projects relating to the enhancement of the infrastructure, which would be required whether or not the future-direction projects were implemented, relate to: (a) the enhancement of information security; (b) Ethernet migration; (c) workflow and processing; (d) knowledge management; and (e) a storage-area network. The future-direction projects are for: (a) data collection; (b) the introduction of a data warehouse; and (c) web application enablement.

166. The funding request of $4,201,643 for the biennium 2004-2005 represents the difference between the total approved project costs of $8,968,117 and the amount forecast to be encumbered through the end of the 2002-2003 biennium, $4,766,474. This non-recurrent cost should be charged to the Fund's resources and should not be subject to cost-sharing with the United Nations, in conformity with the procedure followed in the 2002-2003 biennium.

167. With respect to maintenance in connection with the implementation of the eight re-engineering projects, the gross estimated cost is $2,939,428 for the

biennium, one third of which would be borne by the United Nations. This is in line with the budget estimate presented in 2001.

168. The total costs (projects and related maintenance) for the biennium 2004-2005 are therefore estimated at $7,141,071, of which $2,939,428 would be subject to the cost-sharing formula with the United Nations. These costs are included in Integrated Management Systems Section non-post resource requirements.

169. In spite of delays in project implementation caused by lack of office and data centre space, the funding estimates approved by the Standing Committee at its session in 2001 remain adequate to complete the re-engineering projects within the 2004-2005 biennium.

Table 12
Actual costs and projected funding requirements for all re-engineering projects
(United States dollars)

Project	*Total project requirements*	*Approved funding 2002-2003*	*Forecast expenditure 31/12/2003*	*Requested funding to complete project 2004-2005*	*Biennium maintenance 2004-2005*
Information security system	1 215 948	1 215 948	867 186	348 762	354 896
Ethernet migration	458 944	458 944	456 000	2 944	134 288
Workflow system upgrade	864 000	864 000	864 000	–	268 000
Knowledge management system	1 023 273	1 023 273	996 458	26 815	311 938
Storage area network	1 173 683	1 173 683	–	1 173 683	336 796
Data collection system	1 308 226	1 141 826	1 044 154	264 072	469 192
Data warehouse system	1 295 917	924 417	231 747	1 064 170	466 134
Web-enabled applications	1 628 126	929 246	306 929	1 321 197	598 184
Total	**8 968 117**	**7 731 337**[a]	**4 766 474**	**4 201 643**	**2 939 428**

[a] Pro-rated amount.

170. In an effort to reduce project delays, the Fund has redirected its resources to focus on project tasks that can be accommodated within its existing space. The Fund has also filled approved posts with consultants (some working off-site) on special service agreements. The overall impact on the key projects has, therefore, been minimized to the extent possible. Table 13 provides the delivery timeline for each of the key re-engineering projects.

Table 13
Timeline for re-engineering projects

Project	2003		2004				2005			
	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Information security system										
Ethernet migration										
Workflow system upgrade										
Knowledge management system										
Storage area network[a]										
Data collection system[b]										
Data warehouse system										
Web-enabled applications										

[a] Storage area network project postponed; temporary solution (3-year term) identified.
[b] Majority of work to be completed by March 2004; most organizations and agencies expected to be converted by the end of 2005.

Executive Office

171. The Executive Office comprises 5 posts: two Professionals — the Executive Officer and one Administrative Officer — and three General Service (other level) staff members.

172. Unlike executive officers in the United Nations, the Executive Officer carries out the functions of a human resource administrator, as well as the management of several projects and other key functions such as finance, procurement, compliance and policy-making. The finance functions include the uploading of United Nations expenditure into the Fund's accounting system, invoice matching, the release of obligations, the certification of payments and annual reporting of expenditure on administrative expenses.

173. As the focal point for the budget, the Executive Officer is responsible for data collection, the development of performance indicators, the calculation of budget proposals, the layout and presentation of budget and performance reports and the subsequent issuance of budget advice.

174. The Executive Officer also performs administrative duties and budget and finance functions for the Investment Management Service.

Table 14
Executive Office resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*
Post	878.4	947.2	5	5

Requested posts. No new posts requested.

B. Investment costs

Resource requirements: $43,014,100

175. Under article 19 of the regulations of the Pension Fund, the Secretary-General of the United Nations has fiduciary responsibility for the investments of the Fund. The Under-Secretary-General for Management serves as the designated representative of the Secretary-General, assisted by the Investment Management Service, which is responsible for managing the investments of the Fund. The Service is headed by a Director, who reports directly to the representative of the Secretary-General.

176. The investment operations relate to the services and activities required to realize the goals and long-term objectives of the Fund, namely: (a) to preserve the principal of the Fund in real terms; (b) to obtain optimal investment returns while avoiding undue risk; and (c) to diversify the portfolio with respect to asset type, currency and geography. To those ends, efficiency and effectiveness require thorough research on investment opportunities worldwide and the ability to obtain accurate and reliable information quickly in order to facilitate decision-making in an environment of rapid change in the financial markets; the maintenance of comprehensive and accurate accounting records and the production of high-quality

reports; the acquisition of up-to-date and efficient technology relevant to the investment industry; and the upgrading and/or replacement of systems (such as servers) in order to communicate effectively with the financial community. More detailed information is provided under the various activities covered under the investment costs component.

177. The activities and programmes under investment costs for the forthcoming biennium are the following:

(a) Executive direction and management;

(b) Programme of work for management of investments:

(i) Investments;

(ii) Operations Section and cash management;

(c) Programme support: information systems.

Table 15
Investment Management Service resource requirements

Component	*Resources (thousands of United States dollars)*		*Posts*	
	2002-2003	*2004-2005*	*2002-2003*	*2004-2005*
Post	5 963.6	6 506.8	32	32
Non-post	37 441.5	36 507.3	-	-
Total funding from all sources	**43 405.1**	**43 014.1**	**32**	**32**

178. The amount of $43,014,100 covers 32 posts and various non-post expenditures related to non-staff compensation, travel of the Investments Committee, travel of staff and contractual services. The net increase in non-post expenditure reflects anticipated increases in contractual services relating to financial databases and increased expenditures for electronic data-processing equipment, systems maintenance and software upgrades.

Table 16
Resource requirements by component

Component	*Resources (thousands of United States dollars)*		*Posts*	
	2002-2003	*2004-2005*	*2002-2003*	*2004-2005*
1. Executive direction and management	3 217.7	4 502.9	5	5
2. Programme of work				
(a) Investments	35 707.3	34 022.6	14	14
(b) Financial operations and cash management	1 512.8	1 636.5	10	10
Subtotal	**40 437.8**	**40 162.0**	**29**	**29**
3. Programme support: Information Systems Section	2 967.3	2 852.1	3	3
Total	**43 405.1**	**43 014.1**	**32**	**32**

179. For the biennium 2004-2005, the major objectives of the Investment Management Service are: to achieve the long-term objectives of the Fund by obtaining optimal real rates of return and avoid undue risk; to preserve the principal of the Fund in real terms; to strengthen the use of quantitative models in monitoring the portfolio and making investment decisions, especially during periods of volatility in the financial markets; to increase the frequency of visits to companies in order to be able to identify companies, sectors and economies that may provide better alternative investment opportunities during the biennium; and to provide more training for the staff to enable them to stay abreast of new developments and techniques in their respective areas in order to maintain a high level of professional expertise.

Office of the Director

Table 17
Office of the Director resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*
Post	967.9	1 077.3	5	5
Non-post	2 249.8	3 425.6		
Total	**3 217.7**	**4 502.9**	**5**	**5**

180. Resource requirements for the Office of the Director are detailed below.

Posts

181. The estimated requirements of $1,077,300 relate to the continuation of the posts of the Director (D-2), one Administrative Officer (P-4), and three General Service (other level) posts.

Other staff costs

182. The estimated requirements of $319,000 would cover all the activities of the Investment Management Service and comprise: (a) general temporary assistance to cover absences for sick leave and maternity leave; (b) overtime during peak periods, especially year-end closings; and (c) training of staff on new systems and at investment-related courses and seminars.

Travel

183. The estimated requirements of $1,062,900, involving net negative growth of $11,500, relate to: (a) staff travel ($365,500), relating to visits to companies and investment institutions to enable the investment group to obtain the up-to-date, reliable information needed to make sound investment decisions; participation in investment-related conferences and seminars, custody-related activities, and Pension Board and Investments Committee meetings, and (b) travel of representatives to meetings of the Investments Committee ($697,400). The negative growth relates to the transfer of hospitality costs, which are now reflected under "hospitality" below.

partially offset by small increases totalling $2,000 related to a slightly higher volume of travel.

General operating expenses (rental)

184. The estimated requirements of $1,975,400 relate to the expected rental of premises, including rent and operating costs, occupied by the Investment Management Service at the new off-site premises. This reflects an increase of $1,124,500.

Hospitality

185. The estimated requirements of $16,800 relate to hospitality of staff ($3,000) and Investments Committee lunches previously included with the travel of the representatives. This category has increased by $13,800, due to the change in the reporting of such expenses.

Office furniture

186. The estimated requirements of $51,500 reflect growth of $35,500 for the purchase of office furniture needed by the staff at the new location.

Investment Section

Table 18
Investment Section resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*
Posts	2 799.0	3 053.3	14	14
Non-post	32 908.3	30 969.3		
Total	**35 707.3**	**34 022.6**	**14**	**14**

Posts

187. The estimated requirements of $3,053,300 for the Investment Section relate to six existing Professional posts and eight General Service posts (4 principal level and 4 other level).

Contractual services

188. The estimated requirements of $30,969,300 reflect a net decrease of $1,945,300, related to the cost of: (a) advisory and custodial services ($2,114,400); and (b) investment and legal consultants ($4,100), offset by a non-recurrent increase of $172,800 related to the proposed implementation of the accounting system. The decrease in the requirements is primarily due to savings achieved from the small capitalization account advisers, whose actual fees were lower than the prior approved amounts. The lower fees resulted from (i) more favourable rates negotiated for contracts beginning after the approval of the budget for the biennium 2002-2003 and (ii) the decline in the market value of the portfolio. With respect to (a), the advisory fees on small capitalization accounts managed on a discretionary basis are based on the market value of those investments, which changes every day,

while other advisory or custodial fees are based on flat dollar amounts. The current contracts with custodians and the master record keeper will expire on 30 November 2004. It is estimated that the custodians will request increases at least equal to service inflation, estimated to be in the range of 3 to 4 per cent during the biennium 2004-2005. With respect to (b), the amount requested relates to the need for special consulting and legal services, mainly for the negotiation of contracts and other legal services required by the Investment Management Service from time to time.

189. A breakdown of the fees for the four fixed-fee advisers, the small capitalization account advisers and the custodian is provided in table 19.

Table 19
Breakdown of advisory and custodial fees
(United States dollars)

	2002-2003	*2004-2005 estimate*
Advisory		
Fixed fees	16 300 000	16 235 800
Small cap	8 535 000	6 425 400
Subtotal	**24 835 000**	**22 661 200**
Custodial-fixed fees	7 899 200	7 959 000
Total	**32 734 200**	**30 620 200**

Operations Section

Table 20
Operations Section resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*
Posts	1 512.8	1 636.5	10	10

Posts

190. The Operations Section comprises two Professional posts, one General Service (principal level) post and seven General Service (other level) posts.

Information Systems Section

191. The Information Systems Section is responsible for the development, administration and maintenance of the information systems infrastructure.

Outputs

192. During the biennium 2004-2005, the Section will concentrate on four major areas: (a) electronic data-processing ($275,000), (b) systems maintenance

($195,000), (c) software packages ($220,000) and (d) subscriptions ($65,000). The following outputs will be delivered:

(a) Develop, administer and maintain systems for the processing of equity recommendations and orders; and administer and configure data and research systems supplied by financial institutions;

(b) Develop, administer and maintain system interface with investment advisers, custodians, bankers and financial institutions;

(c) Administer and maintain the portfolio management systems and the multi-currency accounting system;

(d) Develop, maintain and automate cash management operations in order to execute foreign exchange transactions in real time with outside parties and be able to execute such transactions at favourable prices;

(e) Continue the upgrading of network administration for the smooth operation of the Investment Management Service local area network and its own e-mail and Internet arrangements so as to enable the Service staff to communicate effectively with the financial community;

(f) Upgrades of software and hardware such as servers used in interfacing with financial institutions, which tend to change faster than those used by the Investment Management Service.

Table 21
Information Systems Section resource requirements

	Resources (thousands of United States dollars)		*Posts*	
Category	*2002-2003*	*2004-2005*	*2002-2003*	*2004-2005*
Posts	683.9	739.7	3	3
Non-post	2 283.4	2 112.4		
Total	**2 967.3**	**2 852.1**	**3**	**3**

Posts

193. The estimated requirements of $739,700 relate to two Professional posts (one P-5 and one P-4) and one General Service (G-6).

General operating expenses

194. The proposed estimate of $261,200 for the biennium 2004-2005 comprises communications services ($183,000) and office equipment and supplies, etc. ($78,200).

Contractual services

195. The estimated requirements of $1,124,400, representing growth of $338,000, relate to securing electronic access to financial databases so as to obtain financial information on a timely basis. The technology for obtaining investment information is constantly being upgraded; the resources requested would provide coverage for the existing systems and maintenance of equipment already purchased.

Computer equipment

196. The estimated requirements of $728,800, reflecting growth of $428,400, relate to the purchase of software/hardware as well as computer-related equipment and furniture, involving: (a) developing and administering systems; (b) adding hard drives and memory; (c) upgrading servers; and (d) acquiring software to replace the securities reporting system.

C. Audit costs

Resource requirements: $1,731,800

197. The audit costs relate to the internal and external auditing of the administrative operations of the Fund secretariat and the investment operations of the Investment Management Service. Based on past experience and indications provided by the Fund's external auditors, about half of the audit costs (both internal and external) relate to administrative operations and half relate to the investment activities. Furthermore, one third of the audit costs of the Fund's administrative operations (i.e., 16.7 per cent of the total) is borne by the United Nations under the cost-sharing arrangement.

198. The United Nations Board of Auditors has requested additional non-recurrent resources amounting to $61,870 to cover the cost of a special audit recommended by the Advisory Committee on Administrative and Budgetary Questions in its report (A/57/490) on the report of the Pension Board to the General Assembly at its fifty-seventh session. The Advisory Committee recommended that the Board of Auditors carry out an assessment of the capacity and professional expertise required by the Office of Internal Oversight Services to provide internal audit services to the administrative and investment activities of the Pension Fund, in accordance with commonly accepted industry standards for the audit of pension funds, and report in the context of its next audit for the biennium 2002-2003. The Advisory Committee stated that the Board of Auditors might wish to have recourse to outside expertise for that assessment.

199. As regards the costs associated with the internal audit function of the Fund, the Office of Internal Oversight Services reiterated the request for additional resources that it had presented to the Pension Board at its last session, in the context of the review of costs for the biennium 2002-2003. The Advisory Committee endorsed the Board's view that the amount proposed by the Office of Internal Oversight Services should be submitted in the context of the budget proposals for the biennium 2004-2005; the Office of Internal Oversight Services had requested funding for the equivalent of two additional Professional level posts and non-post expenses, including for travel and data-processing equipment. As reflected in annex I below, the Standing Committee recommended an increased level of resources limited to $1,242,400 for internal audit costs.

Figure 13
Ratio of external to internal audit for the biennium 2004-2005

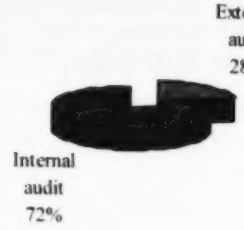


Table 22
Audit costs: resource requirements

	Resources (thousands of United States dollars)	
Category	*2002-2003*	*2004-2005*
Non-post	1 168.2	1 731.8

200. The amount of $1,731,800 covers non-post expenditure related to external auditing ($489,400), as indicated by the United Nations Board of Auditors, and internal audit costs ($1,242,400) based on the recommendations of the Standing Committee. The United Nations would bear a 16.7 per cent share of such costs under the cost-sharing arrangement. The Internal Audit Division of the Office of Internal Oversight Services had requested funding for two additional P-4 posts and $425,000, at 2003 rates, for additional expenses including consultancy fees, travel and equipment in order to be in a position to implement the comprehensive work plan.

V. Emergency Fund

201. The General Assembly, in section V of its resolution 56/255 of 24 December 2001, authorized the Pension Board to supplement the voluntary contributions to the Emergency Fund for the biennium 2002-2003 by an amount not exceeding $200,000.

202. Since the last report to the Board in July 2002, 16 disbursements from the Emergency Fund (as compared with 15 in the previous reporting period) totalling $27,599 (as compared with $28,713) had been made from 1 May 2002 to 30 April 2003. The largest single payment to a pensioner was $4,438. The amounts disbursed over the two-year period from 1 May 2001 to 30 April 2003 totalled $56,312. Total expenditures since 1975 had reached $939,492.

203. It is proposed that the General Assembly authorize the Board to supplement voluntary contributions to the Emergency Fund for the biennium 2004-2005 by an amount not exceeding $200,000.

Table 23

Resource requirements by component for the biennium 2004-2005

(Thousands of United States dollars)

Object of expenditure	*2000-2001 expenditure Pension Fund share*	*2002-2003 appropriations*	*Resource growth*		*Total before recosting*	*Recosting*	*2004-2005 estimate*
			Amount	*Percentage*			
Administrative costs							
Posts	11 727.5	19 709.3	1 706.4	8.4	21 415.7	1 573.5	22 989.2
Other staff costs	1 003.3	2 282.3	(477.9)	(16.6)	1 804.4	703.4	2 507.8
Travel	223.2	286.9	84.7	29.7	371.6	6.2	377.8
Contractual services	3 127.5	8 417.5	289.8	(42.0)	8 707.3	135.2	8 842.5
General operating expenses	1 279.6	5 445.1	5 431.5	100.0	10 876.6	68.0	10 944.6
Supplies and materials	232.3	528.2	1 174.2	223.7	1 702.4	34.1	1 736.5
Furniture and equipment	487.1	4 150.1	(1 880.2)	(75.9)	2 269.9	22.7	2 292.6
Total	**18 080.5**	**40 819.4**	**6 328.5**	**3.0**	**47 147.9**	**2 543.1**	**49 691.0**
Investment costs							
Posts	5 402.5	5 963.6	0.0	0.0	5 963.6	543.2	6 506.8
Other staff costs	195.2	322.1	(11.9)	(3.7)	310.2	8.8	319.0
Travel	709.5	1 058.0	(11.5)	(1.1)	1 046.5	16.4	1 062.9
Contractual services	29 218.2	32 908.3	(1 945.3)	(6.4)	30 963.0	6.3	30 969.3
General operating expenses	1 544.6	2 066.2	172.5	(36.2)	2 238.7	(2.1)	2 236.6
Hospitality	2.1	3.0	13.5	465.5	16.5	0.3	16.8
Supplies and materials	541.7	772.3	330.7	43.1	1 103.0	19.4	1 122.4
Furniture and equipment	396.4	311.6	453.9	146.6	765.5	14.8	780.3
Total	**38 010.2**	**43 405.1**	**(998.1)**	**(0.6)**	**42 407.0**	**607.1**	**43 014.1**
Audit costs							
External audit	338.7	425.3	58.3	0.0	483.6	5.8	489.4
Internal audit	330.1	742.9	433.3	61.7	1 176.2	66.2	1 242.4
Total	**668.8**	**1 168.2**	**491.6**	**38.6**	**1 659.8**	**72.0**	**1 731.8**
Extrabudgetary costs (after-service health insurance system)							
Operational activities	0.0	0.0	623.1	0.0	623.1	19.3	642.4
Total	**0.0**	**0.0**	**623.1**	**0.0**	**623.1**	**19.3**	**642.4**

Table 24

A. Fund secretariat: established and temporary posts authorized for the biennium 2002-2003 and proposed for the biennium 2004-2005 under the Pension Fund budget

	Professional category and above								*General Service and related categories*			
Organizational unit	*ASG*	*D-2*	*D-1*	*P-5*	*P-4*	*P-3*	*P-2/1*	*Subtotal*	*Principal level*	*Other level*	*Subtotal*	*Total*
Executive direction and management												
2002-2003	1	0	1	1	1	0	0	4	1	2	3	7
New posts	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	1	(1)	1	(1)	0	0	0	0	0	0	0
2004-2005	1	1	0	2	0	0	0	4	1	2	3	7
Operations (New York)												
2002-2003	0	0	1	0	1	0	0	2	0	0	0	2
New posts	0	0	0	0	0	0	0	0	0	1	1	1
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0
Redeployment	0	0	0	0	(1)	1	0	0	0	0	0	0
2004-2005	0	0	1	0	0	1	0	2	0	1	1	3
Participation, Entitlements and Client Services Section (New York)												
2002-2003	0	0	0	1	1	3	0	5	2	29	31	36
New posts	0	0	0	0	0	0	0	0	0	1	1	1
Reclassifications	0	0	0	0	0	0	0	0	1	(1)	0	0
Redeployment	0	0	0	0	1	(1)	0	0	0	8	8	8
2004-2005	0	0	0	1	2	2	0	5	3	37	40	45
Financial Services Section (New York)												
2002-2003	0	0	0	1	3	3	1	8	2	19	21	29
New posts	0	0	0	0	0	0	0	0	0	3	3	3
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0
2004-2005	0	0	0	1	3	3	1	8	2	22	24	32
Geneva office												
2002-2003	0	0	1	0	2	2	0	5	0	16	16	21
New posts	0	0	0	0	1	1	0	2	0	0	0	2
Reclassifications	0	0	0	1	(1)	0	0	0	0	0	0	0
2004-2005	0	0	1	1	2	3	0	7	0	16	16	23

Organizational unit	Professional category and above								General Service and related categories			
	ASG	*D-2*	*D-1*	*P-5*	*P-4*	*P-3*	*P-2/1*	*Subtotal*	*Principal level*	*Other level*	*Subtotal*	*Total*
Information Management Systems Section												
2002-2003	0	0	0	1	6	10	0	17	1	13	14	31
New posts	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	1	(1)	0	0	0	0	0	0	0	0
Redeployment	0	0	0	0	0	0	0	0	0	(8)	(8)	(8)
2004-2005	0	0	1	0	6	10	0	17	1	5	6	23
Executive Office												
2002-2003	0	0	0	1	0	1	0	2	0	3	3	5
New posts	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0
2004-2005	0	0	0	1	0	1	0	2	0	3	3	5
Total budgeted												
2002-2003	**1**	**0**	**3**	**5**	**14**	**19**	**1**	**43**	**6**	**82**	**88**	**131**
New posts	**0**	**0**	**0**	**0**	**1**	**1**	**0**	**2**	**0**	**5**	**5**	**7**
Reclassifications (five)	**0**	**1**	**0**	**1**	**(2)**	**0**	**0**	**0**	**1**	**(1)**	**0**	**0**
Redeployments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2004-2005	**1**	**1**	**3**	**6**	**13**	**20**	**1**	**45**	**7**	**86**	**93**	**138**

Table 24

B. Fund secretariat: summary of growth in established and temporary posts, as proposed for the biennium 2004-2005 under the Pension Fund budget

	Professional category and above								*General Service and related categories*			
Organizational unit	*ASG*	*D-2*	*D-1*	*P-5*	*P-4*	*P-3*	*P-2/1*	*Subtotal*	*Principal level*	*Other level*	*Subtotal*	*Total*
Executive direction and management												
New posts	0	0	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	1	(1)	1	(1)	0	0	0	0	0	0	0
2004-2005	0	1	(1)	1	(1)	0	0	0	0	0	0	0
Operations (New York)												
New posts	0	0	0	0	0	0	0	0	0	1	1	1
2004-2005	0	0	0	0	0	0	0	0	0	1	1	1
Participation, Entitlements and Client Services Section (New York)												
New posts	0	0	0	0	0	0	0	0	0	1	1	1
Reclassifications	0	0	0	0	0	0	0	0	1	(1)	0	0
2004-2005	0	0	0	0	0	0	0	0	1	0	1	1
Financial Services Section (New York)												
New posts	0	0	0	0	0	0	0	0	0	3	3	3
2004-2005	0	0	0	0	0	0	0	0	0	3	3	3
Geneva office												
New posts	0	0	0	0	1	1	0	2	0	0	0	2
Reclassifications	0	0	0	1	(1)	0	0	0	0	0	0	0
2004-2005	0	0	0	1	0	1	0	2	0	0	0	2
Information Management Systems Section												
Reclassifications	0	0	1	(1)	0	0	0	0	0	0	0	0
Executive Office												
New posts	0	0	0	0	0	0	0	0	0	0	0	0
2004-2005	0	0	0	0	0	0	0	0	0	0	0	0
Total growth												
New posts	**0**	**0**	**0**	**0**	**1**	**1**	**0**	**2**	**0**	**5**	**5**	**7**
Reclassifications	**0**	**1**	**(1)**	**2**	**(2)**	**0**	**0**	**0**	**1**	**(1)**	**0**	**0**
2004-2005	**0**	**1**	**(1)**	**2**	**(1)**	**1**	**0**	**2**	**1**	**4**	**5**	**7**

Table 25

Fund secretariat: established and temporary posts authorized for the biennium 2002-2003 and proposed for the biennium 2004-2005 under the Pension Fund budget

	Professional category and above								*General Service and related categories*			
Organizational unit	*ASG*	*D-2*	*D-1*	*P-5*	*P-4*	*P-3*	*P-2/1*	*Subtotal*	*Principal level*	*Other level*	*Subtotal*	*Total*
Established and temporary posts authorized for the biennium 2002-2003												
Established posts	1	0	3	5	11	16	1	37	6	78	84	121
Temporary posts	0	0	0	0	3	3	0	6	0	4	4	10
2002-2003	1	0	3	5	14	19	1	43	6	82	88	131
Established and temporary posts authorized for the biennium 2004-2005												
Established posts	1	1	3	6	10	19	1	41	7	80	87	128
Extrabudgetary posts	0	0	0	0	0	0	0	0	0	1	1	1
Temporary posts	0	0	0	0	3	1	0	4	0	5	5	9
2004-2005	1	1	3	6	13	20	1	45	7	86	93	138
Posts (by section) authorized for the biennium 2004-2005												
Executive direction and management	1	1	0	2	0	0	0	4	1	2	3	7
Operations (including Participation, Entitlements and Client Services Section and Financial Services Section)	0	0	1	2	5	6	1	15	5	60	65	80
Geneva Office	0	0	1	1	2	3	0	7	0	16	16	23
Information Management Systems Section	0	0	1	0	6	10	0	17	1	5	6	23
Executive Office	0	0	0	1	0	1	0	2	0	3	3	5
Total	**1**	**1**	**3**	**6**	**13**	**20**	**1**	**45**	**7**	**86**	**93**	**138**

Table 26

Investment Management Service: established and temporary posts authorized for the biennium 2002-2003 and proposed for the biennium 2004-2005 under the Pension Fund budget

	Professional category and above								*General Service and related categories*			
Organizational unit	*ASG*	*D-2*	*D-1*	*P-5*	*P-4*	*P-3*	*P-2/1*	*Subtotal*	*Principal level*	*Other level*	*Subtotal*	*Total*
Executive direction and management												
2002-2003	0	1	0	0	1	0	0	2	0	3	3	5
New posts	0	0	0	0	0	0	0	0	0	0	0	0
2004-2005	0	1	0	0	1	0	0	2	0	3	3	5
Investment Section												
2002-2003	0	0	0	3	3	0	0	6	4	4	8	14
New posts	0	0	0	0	0	0	0	0	0	0	0	0
2004-2005	0	0	0	3	3	0	0	6	4	4	8	14
Operations Section												
2002-2003	0	0	0	1	0	1	0	2	1	7	8	10
2004-2005	0	0	0	1	0	1	0	2	1	7	8	10
Information Systems Section												
2002-2003	0	0	0	1	1	0	0	2	0	1	1	3
2004-2005	0	0	0	1	1	0	0	2	0	1	1	3
Total												
2002-2003	**0**	**1**	**0**	**5**	**5**	**1**	**0**	**12**	**5**	**15**	**20**	**32**
New posts	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2004-2005	**0**	**1**	**0**	**5**	**5**	**1**	**0**	**12**	**5**	**15**	**20**	**32**

Annex I

Discussion in the Standing Committee of the United Nations Joint Staff Pension Board on the revised budget estimates for the biennium 2002-2003 and on the budget estimates for the biennium 2004-2005

A. Revised budget estimates for the biennium 2002-2003

1. The Standing Committee of the United Nations Joint Staff Pension Board noted that, pursuant to the revised budget estimates for the biennium 2002-2003, the appropriation for that biennium could be reduced by $5,114,500, for a revised total of $80,278,200. That possible reduction in the revised budget estimates is subject to expenditures being made for furniture and fittings during 2003 in connection with the relocation of the Fund secretariat, including the Investment Management Service, to premises outside the United Nations Secretariat building.

B. Budget estimates for the biennium 2004-2005

2. The Standing Committee had before it the budget estimates submitted by the Secretary/Chief Executive Officer (CEO) for the biennium 2004-2005 providing for expenditures of $96,751,200, as compared with a total of $85,392,700 for the biennium 2002-2003, comprising the appropriations of $74,384,900 approved by the General Assembly and cost-sharing expected from the United Nations amounting to $11,007,800. The budget submission was presented in gross terms, including the United Nations cost-sharing, as from the 2004-2005 biennium, taking into account observations made by the Standing Committee and the Advisory Committee on Administrative and Budgetary Questions during their respective reviews of the budget submissions for the biennium 2002-2003. The resources requested by the CEO for the biennium 2004-2005 comprised $50,551,900 for administrative costs, $43,470,500 for investment costs and $2,217,300 for audit costs. The administrative costs ($50,551,900) include resource growth of $6,811,400, of which $5,051,600 is non-recurrent. The budget estimates of the Secretary/CEO for 2004-2005 also provide for $500,500 for growth in extrabudgetary costs related to after-service health insurance.

3. The Secretary/CEO introduced the document and addressed each of the three components of the budget, namely administrative, investment and audit costs. He indicated that the proposals under administrative costs reflected the Fund's priorities, which were based on action plans for the 2004-2005 biennium. The requests for additional resources related primarily to the requests for 10 new posts, seven reclassifications and eight conversions from temporary assistance to established posts. These requests were based on the growth in the size, scope and complexity of the Fund's operations, with the number of beneficiaries added to the payroll having increased at an average annual rate of 4.7 per cent over the past decade and with a number of changes having been made in the provisions of the Fund. The Secretary/CEO noted also that a large portion of the resource growth under administrative costs related to bank charges, previously reflected under investment costs, and to the costs of rental of new premises for the administrative

area in New York. The United Nations reiterated its support for the continuation of the cost-sharing arrangements made with the Pension Fund, in consideration of the pension administration services provided by the Fund's secretariat as the Staff Pension Committee of the United Nations.

4. Under investment costs, the Secretary/CEO stated that the negative resource growth related primarily to savings that are expected to be achieved from new contractual arrangements in respect of the advisory and custodial fees, offset partially by increased rental costs for the new office space for the Investment Management Service, and by transferring bank charges from investment to administrative costs.

5. The proposals under audit costs related to Office of Internal Oversight Services requests for additional funding, in order to carry out the internal audit function for the Fund, and to a review requested by the Advisory Committee on Administrative and Budgetary Questions under external audit.

6. The Committee decided to form a working group composed of two members from each of the constituent groups, and two observers from the Federated Associations of Former International Civil Servants, to review the budget proposals and to make recommendations to the Committee so as to facilitate agreement by consensus. The Fund secretariat was asked to provide clarifications on resource growth in general and, in particular, on the growth in funds requested by the Office of Internal Oversight Services for internal audit services. Detailed information was also provided to the Committee in response to each of the requests made.

7. The working group reached consensus conclusions, which were summarized as follows:

(a) Under administrative costs, the Secretary/CEO's non-post proposals were accepted in full, except in respect of rental of premises, where resource growth was limited to $3,512,300. The working group believed that this amount would be sufficient for the move to new premises and to provide adequate space for existing staff with ample leeway for future expansion;

(b) The working group recognized that information technology was a strategic part of the Fund and supported in full all resource proposals related to the re-engineering projects;

(c) The working group thoroughly reviewed the requests related to bank charges and, based on information provided by the Fund secretariat, accepted that there would be an increase in costs during 2004 with an expectation that such costs would be reduced as from 2005 as a result of new banking arrangements;

(d) As regards the request for additional staffing under Administrative costs,

(i) the working group supported the following requests:

Five reclassifications

- The post of Deputy CEO, from D-1 to D-2
- The post of Relations and Liaison Officer, from P-4 to P-5
- The post of Chief of the Information Management Systems Section, from P-5 to D-1

- The Benefits Assistant post in the Participation, Entitlements and Client Services Section, from G-6 to G-7
- The post of Chief of the Participation, Entitlements and Contributions Section, in the Geneva office, from P-4 to P-5

The addition of five new posts

- One new General Service (other level) post in Operations
- One new General Service (other level) post in the Cashier Unit of the Financial Services Section
- One new General Service (other level) post in the Payments Unit of the Financial Services Section; another General Service (other level) post would be funded from extrabudgetary resources
- Two Professional posts in the Geneva office (one P-4 and one P-3)

Two conversions

The conversion of two P-3 temporary assistance posts to established posts in the Information Management Systems Section;

(ii) The working group was not prepared to support the requests for the following:

- Programme budget analyst for the Executive Office
- Demographer/statistician
- Two General Service (other level) posts in the Geneva office
- The conversion of six other temporary assistance posts to established posts in the Information Management Systems Section
- The reclassification of two P-4 posts in the Information Management Systems Section (the working group expected that those two reclassifications would be looked upon favourably for the biennium 2006-2007);

(e) With regard to investment costs, the working group did not support the request of the Representative of the Secretary-General to add two new posts (one D-1 and one General Service (principal level)) and recommended that the increase requested for hospitality be shown as a negative offset against the line item under which those costs were formerly charged (travel of the Investments Committee);

(f) As regards audit costs, the working group fully supported the resources requested by the CEO for external audit costs. However, the internal audit costs were set at $1,242,400, not to be linked directly to the Office of Internal Oversight Services but based on the models outlined by the CEO (see annex II.C). A provision for general temporary assistance should cover posts at the current levels (one P-5, one P-4 and one General Service (other level)) and the balance of resources is to be opened for bidding, for which the Office of Internal Oversight Services and other audit service providers will be eligible.

8. The Standing Committee approved the submission to the General Assembly of proposed budget estimates amounting to $95,079,300, comprising $49,691,000

under administrative costs, $43,014,100 under investment costs, $1,731,800 in audit costs and extrabudgetary resources of $642,400. The latter resources are provided for one General Service (other level) post assigned to process after-service health insurance deductions from retirement benefits and $511,500 in programming costs for the enhancement of the after-service health insurance processing system.

9. Some members of the Standing Committee voiced dismay that the decisions taken on the budget for the Fund, an entity that serves the entire United Nations Common System, would be influenced by the corresponding impact that the Fund's appropriation would have on the United Nations programme budget. They noted that the cost-sharing agreement concluded between the United Nations administration and the Fund should not result in the budgetary constraints of the United Nations taking precedence over the Fund's own requirements and financial capacity to serve all of its member organizations. They expressed concern that such decisions would have a harmful effect on the long-term interests of the Fund. Those members requested that their concerns be included in the report of the Standing Committee.

10. The Committee requested the Secretary/CEO to revise the budget submission to incorporate the conclusions reached by the Committee.

C. Office space

11. The Secretary/CEO presented a note on developments regarding the provision of office space for the Pension Fund secretariat that would meet its requirements for substantially increased space. Since 2001 it has been recognized that the Fund's office space requirements could be accommodated only outside the United Nations Secretariat building. The note by the Secretary/CEO provided information on a building near United Nations Headquarters that had been acquired as an investment opportunity and indicated that there was space available in that building to meet the needs of the Pension Fund secretariat, including the Investment Management Service.

12. The Standing Committee was then informed that the Representative of the Secretary-General for the investments of the Fund had decided that the Fund secretariat and the Investment Management Service would not be authorized to move as a tenant into any building that the Pension Fund owned as an investment property; the office space in question would instead be rented commercially to one or more third parties.

13. Some members of the Standing Committee expressed strong concern about the time that had been taken to reach that decision because it had resulted in significant financial losses for the Pension Fund and delays in programme implementation. They further noted with concern that the same type of delays affected the Fund's proposed new banking arrangements, resulting in increased bank charges in the interim and possibly affecting, in the short term, the Fund's capacity to pay certain benefits. They noted that, being a "production unit" and not merely a bureaucratic structure, the Fund had to receive special consideration from the administration of its host organization.

14. It was consequently agreed that the Fund secretariat, as well as the Investment Management Service, would now address the Procurement Division of the United Nations to seek to identify, on an urgent basis, other available office space outside

the United Nations Secretariat building, with the assistance of the appropriate United Nations offices and services. The Committee agreed that the process needed to be given the highest priority and to be completed on a very rapid basis, so as to avoid adverse impacts on the operations of the Fund and on the progress of its re-engineering projects.

Annex II

Discussions in the Standing Committee of the United Nations Joint Staff Pension Board on upcoming projects having major budgetary implications

A. Investment accounting system

1. The Standing Committee of the United Nations Joint Staff Pension Board accepted the recommendation that the Fund should implement the recommendation of the consultant to continue with the current system utilizing the master record keeper, with some modification to eliminate manual intervention.

B. Administrative costs: after-service health insurance

2. The Standing Committee reviewed a comprehensive note on the after-service health insurance premium deduction programme undertaken by the Pension Fund for nine member organizations. The Committee recalled that the Pension Board had reviewed in 2002 the historical background of the after-service health insurance deduction programme undertaken by the Fund since 1984, when the administrative costs to the Fund had been minimal. The Board had supported the request of the Secretary/Chief Executive Officer (CEO) request that the Fund submit a detailed review and analysis of the resources devoted by the Fund to this work.

3. The Fund secretariat provided a detailed explanation of the resources devoted to the administration of the after-service health insurance programme, indicating that one full-time General Service post was devoted to its administration. Additionally, the risks and inadequacies of the current process were highlighted and the Secretary/CEO proposed that a study be commissioned to evaluate the potential for process change and automated enhancements. The Fund secretariat indicated that it had consulted with the participating organizations on the proposals in the paper, which included the prorating of the administrative and process re-engineering costs among those organizations.

4. A number of the participating organizations stated that they welcomed the proposals and agreed to support the cost-sharing arrangements, as the after-service health insurance programme provided a useful service for the deduction of insurance premiums. The Standing Committee noted that a limited group of member organizations would bear the cost of the proposals in full and that there would be no charge to the Fund's budget.

C. Internal audit arrangements and alternatives

5. As requested by the Board in 2002, the Secretary/CEO prepared a note that provided a background and summary for the Office of Internal Oversight Services serving as the internal auditors for the Pension Fund. The note also outlined the difficulties encountered with the performance of those functions by the Office of Internal Oversight Services with regard to (a) the selection of the areas subject to internal auditing; (b) the manner in which those internal audits were conducted; and (c) the way the results of such audits were reported and to whom.

6. The note analysed three alternatives for the future performance of the internal auditing function for the Pension Fund:

(a) Retention of the Office of Internal Oversight Services (albeit with a well-defined mandate, based on adherence to recognized international standards for internal auditing);

(b) Creation of an internal audit unit within the Fund secretariat;

(c) Outsourcing the internal audit function to an outside firm.

7. Concerns were expressed by members of the Standing Committee with respect to the past performance of the Office of Internal Oversight Services as the internal auditors of the Fund. It was recalled that the Office of Internal Oversight Services had assumed that function in 1996 at the invitation of the Pension Board, with the General Assembly taking note of the arrangement at its fifty-first session, in 1996. Several representatives emphasized that internal audit was a tool for assisting management in ensuring that all operations were performed effectively and that risks were minimized through adequate and appropriate control measures.

8. It was agreed that internal audit should cover all of the activities of the Pension Fund, including, inter alia, the areas of benefit administration, information technology and actuarial and legal matters. The mandate given to the internal auditors must be clear and their performance must meet established international standards.

9. The Standing Committee did not support the suggestion made by the Secretary/CEO that the Office of Internal Oversight Services be retained as the Pension Fund's internal auditors, at least for a certain defined period; rather, it should be based on an agreed internal audit charter that incorporated the relevant applicable industry-wide standards for the performance of the internal auditing function.

10. The Standing Committee decided that, as from the 2004-2005 biennium, a small internal audit unit should be established within the Fund secretariat, with consultants being retained when specialized expertise was needed in any particular area. For that purpose, the budget proposals for 2004-2005 would include resources totalling $1,242,400, to cover, under general temporary assistance, two Professional posts and one General Service post, as well as sufficient funds to retain specialized experts as necessary.

D. Status report on projects relating to the Management Charter: information technology re-engineering projects

11. The Chief of the Information Management Systems Section provided a status report of the activities undertaken for the information technology re-engineering projects approved by the Standing Committee at its 184th meeting, in July 2001.

12. It was recalled that approximately $8.2 million, plus additional recurrent maintenance funding, had been approved for the implementation of the projects in their entirety over a three-year term beginning in 2002. Additional costs for office space and increases in the number of established posts were also approved for building and maintaining the infrastructure supporting the core functions of the information technology operation.

13. Eight additional established posts were also requested in the 2002-2003 biennium. It was expected that the increase in posts would also provide needed support for the Fund's understaffed Information Management Systems Section and bring overall information technology staffing into line with acceptable United Nations and industry levels.

14. It was also recalled that all non-recurrent costs approved in the 2002-2003 biennium were financed entirely by the Fund. Ongoing maintenance costs associated with the projects were prorated in line with project delivery dates and were included in the Fund's regular budget, subject to the one-third cost-sharing formula between the Fund and the United Nations.

15. The General Assembly, in 2001, agreed to support all expenditures for the projects as presented in the budget estimates for the 2002-2003 biennium but insisted that all requested posts be considered temporary.

16. As regards the status of the re-engineering project, progress has been slower than anticipated, due to space constraints. As reported to the Pension Board in 2002, it is not possible to accommodate additional hardware in the existing computer room, and the Fund is therefore unable to perform a portion of the work associated with certain projects. The Fund's management has therefore decided to redefine priorities and postpone those projects constrained by lack of space.

17. Material progress has nonetheless been made in the implementation of several key re-engineering projects. The Fund expects to complete the knowledge management (baseline) and workflow systems by the end of the first quarter of 2004. For those projects dependent on additional space, delivery dates have been postponed until the Fund moves to new premises. The migration from the Token Ring to Ethernet topology and most of the security system, to include the development and testing of a business continuity plan, will therefore be completed once staff are moved to a new location.

18. Progress on future-direction projects also continues. The web-enablement project has started, and significant enhancements are either completed or in development, including the on-line annual statement and the two-track estimate system. Web-based and real-time monitoring of benefit processing activities will be completed in the third quarter of 2004. The data collection system is expected to be completed by the end of the first quarter of 2004, with full roll-out throughout 2004 and 2005. The Fund also expects to procure and implement a data warehouse system with data-mining capabilities by the second quarter of 2005.

19. The implementation of the storage area network must be postponed, however, until adequate data centre facilities are constructed. The Fund intends, in the interim, to utilize the funding for this project to increase the current storage capacity in each affected computer platform to accommodate growth, which would in any case be required in early 2004. This represents a change in the scope of the project but will require no increase in funding. This temporary solution is expected to have a three-year useful life.

20. As regards staffing for the re-engineering project, the activities currently performed by contractors and newly recruited staff occupying the approved general temporary assistance posts are of a continuing and permanent nature. The eight temporary posts approved for the 2002-2003 biennium will therefore be required for the ongoing support of the Fund's growing information technology infrastructure.

The dynamic nature of the Fund requires a staff of information technology professionals that can quickly adapt to change, while performing recurring functions that maintain and enhance productivity and efficiency. It was therefore recommended that the temporary posts approved for the re-engineering project be converted to established posts in the 2004-2005 biennium.

21. Regarding resource requirements for the continuation of the re-engineering project, it was noted that in spite of delays in project implementation caused by the lack of office space, the funding estimates approved by the Standing Committee at its meeting in 2001 remain adequate to complete the projects within the 2004-2005 biennium. The table presented herein provides a summary of actual costs and projected funding requirements for all re-engineering projects.

Table
Costs and projected requirements for re-engineering projects
(United States dollars)

Project	*Total project requirements*	*Approved funding 2002-2003*	*Forecast expenditure 31/12/2003*	*Requested funding to complete project 2004/2005*	*Biennium maintenance 2004-2005*
Information security system	1 215 948	1 215 948	867 186	348 762	354 896
Ethernet migration	458 944	458 944	456 000	2 944	134 288
Workflow system upgrade	864 000	864 000	864 000	------	268 000
Knowledge management system	1 023 273	1 023 273	996 458	26 815	311 938
Storage area network	1 173 683	1 173 683	--------	1 173 683	336 796
Data collection system	1 308 226	1 141 826	1 044 154	264 072	469 192
Data warehouse system	1 295 917	924 417	231 747	1 064 170	466 134
Web-enabled applications	1 628 126	929 246	306 929	1 321 197	598 184
Total	**8 968 117**	**7 731 337**[a]	**4 766 474**	**4 201 643**	**2 939 428**

[a] Prorated amount.

22. The funding request of $4,201,643 for the biennium 2004-2005 represents the difference between the total approved project costs of $8,968,117 and the amount of $4,766,474 forecast to be encumbered through the end of the 2002-2003 biennium. This amount should be charged to the Fund's resources and should not be subject to cost-sharing with the United Nations. This was the procedure followed by the Fund in the 2002-2003 biennium.

23. With respect to maintenance in connection with the implementation of the eight projects, the gross estimated cost is $2,939,428 for the biennium, one third of which would be borne by the United Nations. This is in line with the budget estimate presented in 2001.

24. The total costs (projects and related maintenance) for the biennium 2004-2005 are therefore estimated at $7,141,071, of which $2,939,428 for ongoing maintenance would be subject to the cost-sharing formula.

25. The Standing Committee was also informed that delays in project implementation have reduced the estimated expenditures for the 2002-2003 biennium by $2,964,000. An amount equal to this savings is therefore requested for the 2004-2005 biennium and is contained within the requested total re-engineering cost of $7,141,071.

E. Discussion in the Standing Committee

26. The Standing Committee noted that adequate justification was provided to support the costs related to the re-engineering projects identified in the budget estimates for the 2004-2005 biennium.

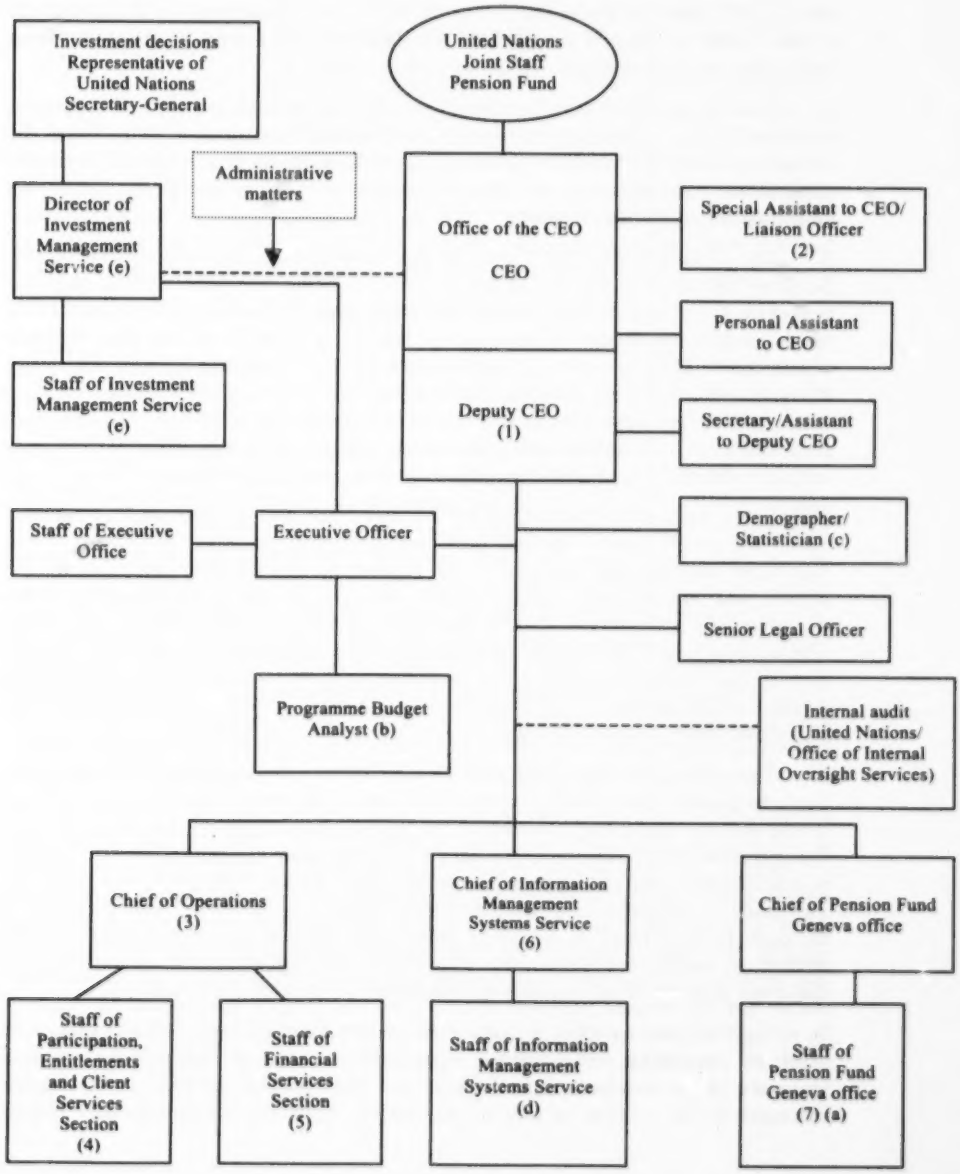
27. The Standing Committee agreed to support all expenditures for the projects as presented in the CEO's budget estimates for the 2004-2005 biennium. With regard to the requested conversion of the eight temporary assistance posts, however, the Committee approved the conversion to established posts of only the two P-3 level posts of database administrator and webmaster.

28. It was then noted that the re-engineering project was supported in full and represented a strategic element of the Fund's direction and budget.

Annex III

United Nations Joint Staff Pension Fund organization chart, as proposed to the Standing Committee by the Chief Executive Officer

(The numbers and letters within parentheses refer to the notes that follow.)


Investment decisions Representative of United Nations Secretary-General
United Nations Joint Staff Pension Fund
Administrative matters
Director of Investment Management Service (e)
Office of the CEO
CEO
Special Assistant to CEO/ Liaison Officer (2)
Personal Assistant to CEO
Staff of Investment Management Service (e)
Deputy CEO (1)
Secretary/Assistant to Deputy CEO
Staff of Executive Office
Executive Officer
Demographer/ Statistician (c)
Senior Legal Officer
Programme Budget Analyst (b)
Internal audit (United Nations/ Office of Internal Oversight Services)
Chief of Operations (3)
Chief of Information Management Systems Service (6)
Chief of Pension Fund Geneva office
Staff of Participation, Entitlements and Client Services Section (4)
Staff of Financial Services Section (5)
Staff of Information Management Systems Service (d)
Staff of Pension Fund Geneva office (7) (a)

Notes to the organization chart

A. Requests supported by the Standing Committee

1. Reclassification of the post of Deputy CEO/Deputy Secretary from the D-1 to the D-2 level. The upgrading of this post is in recognition of the increased responsibilities of the post and is consistent with the hierarchical structure and assignment of responsibilities within the Fund.

2. Reclassification of the post of the Relations and Liaison Officer, in the Office of the CEO, from the P-4 to the P-5 level. This recommendation would also include a title change to Special Assistant to the CEO for Policy and Planning, to better reflect the new and strengthened duties already assigned.

3. New General Service (other level) post for the provision of clerical support to the Chief of Operations. As reported to the Standing Committee in 2001 and to the Board in 2002, the Chief of Operations, with wide-ranging responsibilities for supervising and managing the largest number of staff in the Fund secretariat, currently has no clerical support.

4. The reclassification of a post in the Participation, Entitlements and Client Services Section from the G-6 to the G-7 level is being proposed to better align the post with the responsibilities already assigned. This reclassification would provide much-needed assistance in the newly formed Client Servicing and Records Management Distribution Unit and would provide consistency with the units charged with processing benefits. The Section currently has two G-7 staff members in the benefit-processing area, and this is insufficient to cover the complex work undertaken in the client-servicing area, which is responsible for records management, training, quality management, client servicing and fraud control.

5. Three posts are requested for the Financial Services Section: in the Payments Unit, two new General Service posts are proposed, in order to deal with the significant and ongoing increase in the number of new benefits being put on the payroll, and thus requiring regular maintenance. One of them will be assigned to the processing of after-service health insurance deductions from payroll, for which reimbursement will be sought from participating organizations; one new General Service post in the Cashier Unit is proposed, in order to deal with the significant increase in the number of new transactions and related inquiries, emanating from the significant increase in the number of participants and beneficiaries.

6. The reclassification of the post of the Chief of the Information Management Systems Section from the P-5 to the D-1 level is proposed. This recommendation would also include the conversion of the Section into a separate service outside of the operations area. The recommendation is being made to better reflect the change in working relations and increased responsibilities already assigned to the post. The individual occupying the post would report directly to the CEO. Also proposed is the conversion of two P-3 temporary posts in the Information Management Systems Section to established posts: one post would be responsible for performing the functions of webmaster; the other for the duties of database administrator.

7. For the Geneva office, two new Professional posts are proposed, to enable it to meet its expanding and complex responsibilities and to address the ongoing increases in the number of participants and beneficiaries, as well as the related increases in the volume of benefit processing, financial transactions and related

inquiries. The proposals are for a new P-4 post in the Participation, Entitlements and Contributions Section and a new P-3 post of Finance Officer in the Finance and Information Systems Section. In addition, to further strengthen and enhance the overall structure of the Fund, it is proposed to reclassify the post of the Chief of the Participation, Entitlements and Contributions Section in the Geneva office from the P-4 to the P-5 level. This recommendation is being made to reflect the new and strengthened duties already assigned to the post, as a result of the rapid expansion of the Fund's activities and the increasing workload being assigned to the Geneva office.

B. Requests not supported by the Standing Committee

a. Two new General Service posts were requested to enable the Geneva office to address the ongoing increases in workload and responsibilities. Based on the ratio of workload to resources — a criterion used since 1999 for the quantification and approval of resources for phases 1 and 2 of the enhancement of the Geneva office — the projected increased workload to be assigned to the Participation, Entitlements and Contributions Section during the biennium 2004-2005 represents the equivalent of three posts; the Standing Committee supported the addition of one new P-4 post in the Section but denied the request for the two General Service (other level) posts.

b. The Chief Executive Officer requested a new post for a programme budget analyst (P-3), in the Executive Office, to support the Executive Officer and to provide expertise in budget and programme analysis, a key need for the Fund that is currently not being met; the Standing Committee denied the request. The Fund's management has previously presented to the Standing Committee and to the Pension Board a strong case in support of its request for additional staff. The whole-office review, conducted at the request of the Standing Committee and submitted to the Pension Board at its 2002 session, supported the addition of a programme budget analyst (P-3). In its report to the General Assembly, the Board noted that it found the proposed structure acceptable as a blueprint and endorsed it in principle. In its recent audit report of the Fund's budget process, the Office of Internal Oversight Services concluded that the workload of the Executive Officer appeared excessive, that risks were generally high and that there was a situation of inadequate segregation of duties, particularly between the certifying and approving, record-keeping and verification and performance review functions of the budget process. The Office of Internal Oversight Services recommended the establishment of a separate budget unit within the Executive Office. There is currently no established post to perform activities related to budget and programme performance reports.

c. A new established post was recommended by the CEO for a demographer/statistician (P-3), who would be assigned to the Office of the CEO, to better enable that Office to focus on strategic planning at a time when asset-liability management should urgently be implemented. The addition of this new post was recommended by the consultants who undertook the whole-office review in 2002. The incumbent would support the planning and policy analysis functions through activities in the collection, compilation, analysis and dissemination of data, and through the design and implementation of methodological studies. He/she would provide technical guidance and advice on statistical development in support of pension benefits analyses. The Standing Committee denied the request.

d. The reclassification of two Professional posts in the Information Management Systems Section, from the P-4 to the P-5 level, was requested, in recognition of increased responsibilities assigned to the Chief of Applications Programming and the Chief of Computer Operations. The Standing Committee deferred action until the biennium 2006-2007. To enable the Fund to move its completed projects into the ongoing maintenance phases, the CEO requested the conversion of all eight temporary assistance posts to established posts in the Information Management Systems Section. The posts relate to the following permanent functions, which are key to the Fund's daily operations: webmaster, production control assistant, help desk administrator, contracts officer, security officer, database administrator and project manager (two); the Standing Committee supported the request to convert two P-3 posts (webmaster and database administrator) but deferred the request for conversion of the other six posts until the re-engineering projects are complete.

e. The Standing Committee did not support the request of the Representative of the Secretary-General to add two new posts (one D-1 and one General Service (principal level)) in the Investment Management Service. The D-1 post was requested for a Deputy Director in the Office of the Director to assist with strategic planning and the daily management of the Fund. The General Service post was requested for the Investment Section to assist with handling trading and financial databases and to serve as backup for other portfolio assistants.

Annex IV

Budget methodology

1. The administrative expenses of the Fund are separated into three components:

(a) Administrative costs, which include the cost of salaries, related staff costs and operational costs of the Fund secretariat located in New York and Geneva, the fees charged by the Consulting Actuary to the Fund for actuarial valuations and other services and costs related to meetings of the Committee of Actuaries;

(b) Investment costs, which are charged against investment income and cover the fees payable to the advisers on and custodians of the investment portfolio, the cost of salaries, related staff costs and operational costs of the Investment Management Service of the Fund and costs related to meetings of the Investments Committee;

(c) Audit costs, which cover both internal and external audits related to the administrative and investment operations of the Fund.

2. The expenses incurred by individual member organizations — which include those of local staff pension committee secretariats, the travel of their representatives from the three constituent groups to meetings of the Board and its organs and the costs of related services — are not part of the expenses charged to the Fund. Such expenses are borne directly by the budgets of the member organizations.

3. Since the Fund secretariat handles pension administration for the United Nations and serves as the local secretariat of the United Nations Staff Pension Committee, the United Nations shares in the expenses of the Fund secretariat, in accordance with arrangements agreed upon by the Fund and the United Nations, as approved by the Board and the General Assembly.

4. The budget estimates contained herein reflect the current standard costings and inflation assumptions used by the United Nations in its proposed programme budget for the biennium 2004-2005. The budget is presented in terms of:

(a) Components;

(b) Sources of funding;

(c) Economic assumptions;

(d) 2000-2001 expenditures;

(e) 2002-2003 revised appropriations;

(f) Growth proposed for 2004-2005 in relation to 2002-2003 appropriations (both in dollar and percentage terms). Growth is presented at 2002-2003 rates;

(g) The total 2004-2005 proposals before recosting;

(h) Recosting, which includes the removal of non-recurrent appropriations, revises the inflation factors used for the initial 2002-2003 appropriation, provides for inflation for 2004-2005, and adjusts the rate of exchange used for the initial 2002-2003 appropriation;

(i) The 2004-2005 estimates.

5. Salary and related costs are calculated at the rate of 94.3 per cent of standard costs for staff in the Professional category and above; General Service costs are calculated at 100 per cent of standard costs.

6. The inflation rates used for 2002 and 2003 are 1.019 per cent for 2002 and 1.022 per cent for 2003; for the Geneva office those rates are 1.003 per cent and 1.008 per cent, respectively. Rates used for 2004 and 2005 are 1.022 per cent for each year of the biennium for New York, and 1.008 per cent for each year of the biennium for Geneva.

Annex V

Participants by member organization as at 31 December 2002

Organization	Number of participants							
	1995	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*
United Nations	44 059	43 869	43 864	43 751	44 958	50 126	54 953	56 287
International Labour Organization	2 823	2 632	2 599	2 620	2 612	2 650	2 747	2 863
Food and Agriculture Organization of the United Nations	5 735	5 540	5 435	5 387	5 340	5 315	5 344	5 447
United Nations Educational, Scientific and Cultural Organization	2 561	2 667	2 588	2 650	2 629	2 452	2 414	2 437
World Health Organization	6 125	5 965	5 935	6 180	6 409	6 817	7 375	8 181
International Civil Aviation Organization	820	826	852	852	841	867	873	883
World Meteorological Organization	333	316	312	314	327	329	322	310
General Agreement on Tariffs and Trade[a]	476	538	529	542	7	4	3*	1*
International Atomic Energy Agency	2 146	2 057	2 053	2 075	2 068	2 076	2 125	2 168
International Maritime Organization	315	324	323	310	315	325	330	340
International Telecommunication Union	908	885	905	921	965	953	967	1 006
World Intellectual Property Organization	611	672	712	807	955	1 033	1 106	1 189
International Fund for Agricultural Development	302	295	298	332	338	344	383	435
International Centre for the Study of the Preservation and Restoration of Cultural Property	29	31	29	32	35	37	33	36
European and Mediterranean Plant Protection Organization	10	11	11	12	12	12	12	11
United Nations Industrial Development Organization	1 455	1 163	1 064	921	851	810	813	821
International Centre for Genetic Engineering and Biotechnology	n/a	136	138	141	142	145	145	150
World Tourism Organization	n/a	70	72	74	78	79	79	83
International Tribunal for the Law of the Sea	n/a	n/a	18	20	25	27	30	33
International Seabed Authority	n/a	n/a	3	30	28	31	28	34
Total number of participants	**68 788**	**67 997**	**67 740**	**67 971**	**68 935**	**74 432**	**80 082**	**82 715**
Total number of member organizations	**16**	**18**	**20**	**20**	**19**	**19**	**19**	**19**

[a] The General Agreement on Tariffs and Trade withdrew from the United Nations Joint Staff Pension Fund as from 31 December 1998; however, certain former participants have not yet made a benefit election.

Annex VI

United Nations Joint Staff Pension Fund statistics 1995-2002 as at 31 December

	1995	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*
Number of participants	68 708	67 997	67 740	67 971	68 935	74 432	80 082	82 715
Number of beneficiaries	38 914	41 433	43 149	44 633	46 199	48 069	49 416	51 028
Subtotal	**107 622**	**109 430**	**110 889**	**112 604**	**115 134**	**122 501**	**129 498**	**133 743**
Ratio (participants: beneficiaries)	1.8:1	1.6:1	1.6:1	1.5:1	1.5:1	1.5:1	1.6:1	1.6:1
(United States dollars)								
Employee contributions	260 032 145	264 954 975	263 026 833	267 906 544	272 834 270	285 313 778	310 247 322	337 543 758
Employer contributions	517 518 358	535 782 481	524 463 230	533 885 385	543 823 112	569 233 081	618 386 756	672 139 198
Total contributions	777 550 503	800 737 456	787 490 063	801 791 929	816 657 382	854 546 859	928 634 078	1 009 682 956
Total benefit payments	788 780 095	915 073 197	883 717 490	927 980 457	1 069 584 133	1 029 116 358	1 064 800 996	1 140 697 639
Contributions minus benefit payments	-11 229 592	-114 335 741	-96 227 427	-126 188 528	-252 926 751	-174 569 499	-136 166 918	-131 014 683
Market value	15 200 000 000	16 900 000 000	18 500 000 000	21 800 000 000	25 600 000 000	23 800 000 000	21 800 000 000	20 900 000 000